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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

U.S. Cong.
on improper
managers

HEARINGS

BEFORE THE

SELECT COMMITTEE

ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

EIGHTY-FIFTH CONGRESS

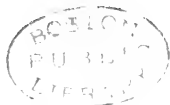
SECOND SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS

JULY 15, 16, 17, 18, AND 31, 1958

PART 34

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



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HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-FIFTH CONGRESS SECOND SESSION

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OR MANAGEMENT FIELD

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CONTENTS

THE RESTAURANT INDUSTRY IN THE CHICAGO AREA

(Hotel and Restaurant Employees and Bartenders International Union)

Testimony of—	Page
Adler, Jay	12894, 12897
Aiuppa, Joseph	13100
Alex, Gussie	13118
Allgauer, Gustav	12949
Annes, George	12997
Christiansen, Mae	13048
DeMar, Jack A	13001
DeSantis, Anthony	12908
Drake, George T	12887
Duffy, LaVern J	13030
Eberhart, Arthur	13008
Griffith, Merlin	12920
Gotsch, Gerald	12896, 13095
Hessberger, George	12902
Hoch, Charles	13046
Jansen, Richard	13012
Kelly, James P	13104
Kiesau, Donald F	12861, 12863
Kinner, Jack	12988
Kouba, Louis	13064, 13073
Lardino, Danny	13031
Lardino, John	13022, 13030
Leonardi, Danny	13053
Madia, Louis	13084
McFarland, John	12977
Milas, Andrew	12968
Mundie, James F	12863, 12947, 13028
O'Connor, James	12939
Pechan, Marjorie	13044
Ricketts, Ashley U	12992
Scholl, William	12927
Schwartz, Julian	12983
Segal, Ellis	12905
Sturdevant, Beverly	13048
Trungale, Frank	12933
Wilkos, Joseph	13039

EXHIBITS

	Introduced on page	Appears on page
27. Worksheet, Chicago Restaurant Association profit-and-loss statement-----	12863	(*)
28. Memorandum to Robert F. Kennedy from James F. Mundie re employment of Abraham Teitelbaum, Chicago Restaurant Association, Chicago, Ill.-----	12868	(*)
29. Letter dated March 2, 1951, addressed to Mr. Abraham Teitelbaum, from D. F. Kiesau, executive vice president, Chicago Restaurant Association-----	12869	(*)
30. Minutes of the board of directors meeting held October 3, 1952, signed by D. Kiesau, secretary of the meeting-----	12874	(*)
31. Letter dated July 21, 1950, addressed to Abraham Teitelbaum and signed by D. F. Kiesau, executive vice president, Chicago Restaurant Association-----	12876	(*)
32. Minutes of the board of directors meeting held at the association office, July 8, 1949, and signed by D. Kiesau, secretary of the meeting-----	12881	(*)
33. List of fires in restaurants from January 1957 to May 1958-----	12979	(*)
34A. Picture of the Allgauer Restaurant fire-----	12979	(*)
34B. Picture of the Allgauer Restaurant debris after the fire-----	12979	(*)
35. Signature card No. 8393 of Hotel Whitmore, Dallas, Tex., for Danny Lardino-----	13033	(*)
35A. Hotel Whitmore bill in the name of Danny Lardino and Lon Schneider-----	13034	(*)
36. Compilation showing yearly savings to 27 restaurants in the Chicago area from wages paid below union scale-----	13096	(*)
Proceedings of—		
July 15, 1958-----	12861	
July 16, 1958-----	12949	
July 17, 1958-----	13039	
July 18, 1958-----	13093	
July 31, 1958-----	13117	

*May be found in the files of the select committee.

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JULY 15, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

(At the convening of the session, the following members were present: Senators McClellan and Goldwater.)

The CHAIRMAN. The committee will come to order. Call the next witness, Mr. Kennedy.

Mr. KENNEDY. Mr. Donald F. Kiesau.

The CHAIRMAN. Mr. Kiesau, come forward, please. Be sworn. You do solemnly swear the evidence you shall give before the Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KIESAU. I do.

TESTIMONY OF DONALD F. KIESAU, ACCOMPANIED BY HIS COUNSEL, THOMAS E. KEANE

The CHAIRMAN. Mr. Kiesau, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. KIESAU. My name is Donald F. Kiesau. I live at 624 Indian Road, Glenview. I am employed as the executive vice president of the Chicago Restaurant Association.

The CHAIRMAN. Thank you, sir. Do you have counsel?

Mr. KIESAU. I do.

The CHAIRMAN. Counsel, identify yourself for the record, please.

Mr. KEANE. Thomas Keane, 111 West Washington Street, Chicago, Ill., a member of the Illinois bar.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been with the Chicago Restaurant Association?

Mr. KIESAU. Twenty-two years.

Mr. KENNEDY. Have you always held this position?

Mr. KIESAU. Always the same position.

Mr. KENNEDY. What is the makeup now of the Chicago Restaurant Association? How many members does it have?

Mr. KIESAU. The Chicago Restaurant Association has today, I would estimate, in the neighborhood of 700 members, 700 companies. That would represent, probably, because of the multiple-unit organization, some 1,800 or 2,000 units.

Mr. KENNEDY. How many different restaurants are there in Chicago? What percentage of the restaurant owners do you have in your association?

Mr. KIESAU. I believe in the red book, the classified red book, it would list, the last time we counted them, about 5,000 restaurants listed in the red book. If you were to ask what we represented in the way of volume, it would be a different figure, because of the fact that we represent, probably, the larger restaurants, as a rule.

Mr. KENNEDY. On the 5,000; is that the owners, or is that units?

Mr. KIESAU. Those are—I believe those are units listed in the red book. In other words, there would be the Marquis Co., for example, and then underneath Marquis Co. would have their various addresses.

Mr. KENNEDY. So, you represent about 1,800 out of 5,000 units?

Mr. KIESAU. I would guess that.

Mr. KENNEDY. But the units you represent do a greater volume of business?

Mr. KIESAU. Generally speaking, that is true.

Mr. KENNEDY. What percentage of the volume of restaurant business in Chicago do you believe you represent?

Mr. KIESAU. I think it would be safe to say that we represent somewhere between 60 and 70 percent.

Mr. KENNEDY. Could you tell us what the makeup of the association is? Do each of the restaurant owners pay a certain amount of dues?

Mr. KIESAU. Yes. Our membership dues are based upon the number of employees. I can tell you exactly, if you would like to know. For example, the smallest restaurant with any number of employees up to 5 would pay \$30 a year dues. From 6 to 10 would pay \$35. From 11 to 15, \$40, and so forth. When we get up into the higher brackets of 300 employees, then it is prorated down just a little bit.

Mr. KENNEDY. What is the income of the restaurant association each year, approximately?

Mr. KIESAU. The income from membership dues, or the total budget?

Mr. KENNEDY. The income from membership dues.

Mr. KIESAU. Membership dues—last year, I believe, our audit shows, and Mr. Mundie, I believe, has all those figures, I believe showed in the neighborhood of \$35,000.

Mr. KENNEDY. Do you have any other sources of income?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. Could you tell us what they are?

Mr. KIESAU. We have a monthly trade publication where we receive revenue from advertising. We have an annual buyers' guide. We receive a certain amount of money from advertising.

Mr. KENNEDY. How much from each of those? Do you have those figures?

Mr. KIESAU. I am sorry. Mr. Mundie has all those figures. I will take whatever figures he states there and verify them.

Mr. KENNEDY. The buyers' guide—

Mr. KIESAU. The buyers' guide, if I remember, the net revenue last year was in the neighborhood of \$28,000 or \$29,000.

Mr. KENNEDY. That is right. About \$28,000. The total income—then there are 5 or 6 other sources of income. Mr. Mundie has been sworn, Mr. Chairman.

TESTIMONY OF JAMES MUNDIE—Resumed

The CHAIRMAN. Mr. Mundie, you have examined the books of the association. You may testify regarding the revenues of the association and their source and amount.

Mr. MUNDIE. Yes, sir.

Mr. KENNEDY. Just for the last year.

Mr. MUNDIE. Income from membership dues, \$38,212.37; income from interest earned, \$7,996.34.

Mr. KENNEDY. Just give the total income.

Mr. MUNDIE. Total income is \$94,206.14.

Mr. KENNEDY. And give the main sources, Mr. Mundie.

Mr. MUNDIE. The main sources are membership dues, buyers' guide, and Midwest Restaurant News.

Mr. KENNEDY. What is the source of that? What is the total?

Mr. MUNDIE. Membership dues are \$38,212.37. Midwest Restaurant News is \$4,350.14. Buyers' guide is \$27,904.32.

The CHAIRMAN. That sheet you are testifying from; is that a permanent record, or can it be made available for any exhibit?

Mr. MUNDIE. This could be made available for an exhibit.

The CHAIRMAN. You have checked the accuracy of the figures on that sheet, have you?

Mr. MUNDIE. I have, sir.

The CHAIRMAN. It may be made exhibit No. 27, for reference.

(The document referred to was marked "Exhibit No. 27" for reference and may be found in the files of the select committee.)

TESTIMONY OF DONALD F. KIESAU, ACCOMPANIED BY COUNSEL, THOMAS E. KEANE—Resumed

Mr. KENNEDY. Would those figures be about right, Mr. Kiesau?

Mr. KIESAU. All except the figures for the Midwest Restaurant News, our monthly publication. I think the gross figures were larger than that.

Mr. KENNEDY. Perhaps it is broken down further. I think all of the figures, though, appear on the sheet. That is for 1957, I believe. How do you operate the Chicago Restaurant Association? Do you have a board of directors?

Mr. KIESAU. Yes, sir; we do.

Mr. KENNEDY. How many are there?

Mr. KIESAU. We have a board of directors totaling, I believe, about 23 people. They are made up of the officers who are ex officio of the board of directors, and that is the president, 3 vice presidents, and the

treasurer, and then we have 12 board members, of which 4 are elected—4 new ones elected every year, so there is a rotating board every 3 years, and, in addition to that, all the past presidents who are currently operating, active in the restaurant business, are also *ex officio* in the total of about 23 or 24.

Mr. KENNEDY. Do any of those individuals receive any salary or expenses?

Mr. KIESAU. They do not.

Mr. KENNEDY. None of them?

Mr. KIESAU. None of them.

Mr. KENNEDY. None of the officers, either?

Mr. KIESAU. None of the officers.

Mr. KENNEDY. Do you receive a salary?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. Are you the only one that receives salary and expenses?

Mr. KIESAU. We have a staff of six people in the office, all of which receive a salary.

Mr. KENNEDY. What is your salary?

Mr. KIESAU. Do you mean currently?

Mr. KENNEDY. Yes.

Mr. KIESAU. My current salary is \$25,000 a year, and in the past year I received a bonus of \$7,000, making a total of \$32,000.

Mr. KENNEDY. What was it the year prior to that?

Mr. KIESAU. The year prior to that, I believe, the total was 30.

Mr. KENNEDY. Who sets your salary?

Mr. KIESAU. The board of directors.

Mr. KENNEDY. They are elected, are they, the board of directors?

Mr. KIESAU. I will repeat again. The board of directors—well, is it necessary?

Mr. KENNEDY. No; it is not necessary. They are elected, are they?

Mr. KIESAU. Yes, sir; 12 of them are.

Mr. KENNEDY. Periodically?

Mr. KIESAU. Twelve of the officers are; yes, sir.

Mr. KENNEDY. Out of the 700 or 800 restaurants that you have, not units but restaurant owners, and some 1,800 restaurants, what percentage are union and what percentage are nonunion?

Mr. KIESAU. This is purely an estimate, because we never tried to differentiate and list them as such. We never have. But I would guess—I think you will have to qualify that question by saying partially union or all union. There is a difference.

Mr. KENNEDY. How many are nonunion; how many are partially union; and how many are all union?

Mr. KIESAU. That is very difficult to answer. I would guess that, out of the 700 members, probably 150 would have some sort of unionized employees in their place of business. They would be either all union or partially union.

Mr. KENNEDY. And all the rest have no unions at all?

Mr. KIESAU. That would be my estimate.

Mr. KENNEDY. Out of 150, could you give us any estimate as to how many of those are completely union and how many are just partially union?

Mr. KIESAU. No; I can't. We never delve—I can tell you that the hotels that are members, and most of the major ones are, are pretty much completely unionized.

Mr. KENNEDY. The restaurants, for the most part, are just partially union. Are there many restaurants that are all union?

Mr. KIESAU. Yes; there is a substantial number that are.

Mr. KENNEDY. Out of the 150, could you give us an estimate of how many?

Mr. KIESAU. I couldn't tell you.

Mr. KENNEDY. You couldn't tell us at all?

Mr. KIESAU. I am unable to tell you. We don't check. We don't delve into that.

Mr. KENNEDY. Mr. Kiesau, what about the voluntary fund? What is that?

Mr. KIESAU. The voluntary contribution fund is something, if you recall, that Mr. Marquis, I believe, told you about either yesterday or Friday. It started, so I am told, at almost the origin of the Chicago Restaurant Association, back in 1914, some 44 years ago, where restaurant folks got together and voluntarily contributed some money. It has been in existence since I have been with the association, since 1936, and I believe, from what I hear, previous to that also.

Mr. KENNEDY. Who contributes to the voluntary fund?

Mr. KIESAU. Those who desire voluntarily contribute.

Mr. KENNEDY. For what purpose do they contribute?

Mr. KIESAU. They contribute to the voluntary contribution fund for whatever help can be given to them in their labor relations matters.

Mr. KENNEDY. Primarily it was, in the past, to pay the salary and expenses of the labor-relations consultant, is that right?

Mr. KIESAU. That is correct. And/or help a restaurant out in case of a strike where, in the opinion of the board of directors the majority of the people were not organized.

Mr. KENNEDY. The labor-relations consultant that you had up to 1953 was Mr. Teitelbaum?

Mr. KIESAU. That is right.

Mr. KENNEDY. Could you tell us who suggested that you retain Mr. Teitelbaum?

Mr. KIESAU. Yes. I believe it was Mr. Toffenetti.

Mr. KENNEDY. What was the background of Mr. Teitelbaum that made him attractive to the Chicago Restaurant Association?

Mr. KIESAU. I didn't inquire.

Mr. KENNEDY. What did Mr. Toffenetti have to say about him?

Mr. KIESAU. If I remember the circumstances, and this is 20 years ago—

Mr. KENNEDY. About 1938?

Mr. KIESAU. About 1938 or 1939. There was a strike at a restaurant company in Chicago, Drakes Restaurant, and it had been going on for a long period of time. They were having much difficulty in operating, as you probably can imagine, from the testimony that was given here all last week in similar situations. Mr. Toffenetti brought it to the attention of—I don't recall whether it was a committee at that time or directly to the board of directors that a person, a friend of his, or a person that he knew, who had come to his restaurant on numerous

occasions as a customer, had indicated that he could possibly solve the strike.

Mr. KENNEDY. Did anything come to your attention that he had had any experience whatsoever in labor-management relations?

Mr. KIESAU. I didn't inquire into that.

Mr. KENNEDY. After he was retained in 1939, did you ever inquire to find out?

Mr. KIESAU. No, I felt that was a matter for our board of directors to determine.

Mr. KENNEDY. Did you ever hear anybody ever state that he had any experience whatsoever in labor-management relations?

Mr. KIESAU. Not that I recall.

Mr. KENNEDY. In 1942 or thereabouts, he retained to assist him Mr. Louis Romano. Did you know anything about Mr. Romano's background?

Mr. KIESAU. Only what I read in the papers.

Mr. KENNEDY. Did you make any protest at that time or later on?

Mr. KIESAU. No. I thought our board of directors would have read anything that I might have read, and it was not my opportunity or duty to tell. I was an employee of the association. Anything that I might have known they would have known. They were the ones that retained him.

Mr. KENNEDY. You had Mr. Teitelbaum, who was associated with all of the big gangsters in Chicago, and, of course, had been Al Capone's attorney for a while. Mr. Louis Romano had been indicted a number of times for murder, and had been kicked out of the restaurant union itself in 1940. He was put in there by the syndicate. That is what the judge found. Then he goes to work and starts doing work for the restaurant association. Was there any knowledge or information about either one of these individuals discussed with the membership of the association?

Mr. KIESAU. Not that I recall.

Mr. KENNEDY. Did you make any protest about it?

Mr. KIESAU. You didn't say that Mr. Romano worked for the association, did you?

Mr. KENNEDY. He worked for Mr. Teitelbaum, as I understand it, and Mr. Teitelbaum at that time was doing work for the association.

Mr. KIESAU. That is right.

Mr. KENNEDY. He was an assistant to Mr. Teitelbaum during this period of time.

Mr. KIESAU. Yes.

Senator GOLDWATER. May I ask, was he paid by the association?

Mr. KIESAU. No, sir.

Senator GOLDWATER. Mr. Teitelbaum paid him out of his own moneys?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. Mr. Kiesau, when was it that you learned Mr. Teitelbaum was making certain payoffs to union officials?

Mr. KIESAU. I did not know of that, Mr. Kennedy, not until long after it happened. If you will recall the testimony that has been given here under oath, in the Les Johnson case, I don't believe that Mr. Johnson told me anything about that until some 3 years subsequent to the time that Teitelbaum and him had settled the matter.

Mr. KENNEDY. Did you know while Mr. Teitelbaum was working for the association that he was making these payoffs to union officials?

Mr. KIESAU. No, sir.

Mr. KENNEDY. Let me state as an example the Nantucket Restaurant. We had some testimony before the committee from Mr. Reed of the Nantucket Restaurant that Mr. Teitelbaum participated in attempting to get \$500 from him in order to pay to a union official.

Mr. KIESAU. Yes, sir. You will recall the testimony of that by Mr. Reed. When I learned of that through a telephone conversation between Mr. Reed and myself, I suggested that he come downtown, and I immediately called Mr. Drake who was the president of the association at the time, and I think we set an appointment for the very next day. I think that testimony that you already have tells you what happened. It was something that we absolutely would not countenance, have anything to do with, and we insisted on Mr. Teitelbaum returning the money to Mr. Reed.

Mr. KENNEDY. Did you fire Mr. Teitelbaum then?

Mr. KIESAU. No, sir.

Mr. KENNEDY. You knew Mr. Teitelbaum had participated in a bribe, extortion, whatever it might be, back in 1949 and 1950. These facts were brought to your attention. Why didn't you take steps to have him fired at that time?

Mr. KIESAU. Again, Mr. Kennedy, that was not my prerogative to do that.

The management committee and the board of directors—

Mr. KENNEDY. Whose prerogative was it, then?

Mr. KIESAU. The board of directors.

Mr. KENNEDY. And who were on the board of directors at that time?

Mr. KIESAU. You have the minutes of the—all of our minutes, I believe you have, and if you will give me that information, I will be glad to tell you.

Mr. KENNEDY. Did you bring to the attention of the board of directors that Mr. Teitelbaum had been involved in this?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. You made a report to them?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. And the board of directors took no steps against Mr. Teitelbaum at that time?

Mr. KIESAU. No, sir.

Mr. KENNEDY. Do we have a list of the board of directors at that time?

Mr. Chairman, when we get that list, could we have that placed in the record?

The CHAIRMAN. Yes. Who procured the list from the files?

Mr. KENNEDY. We will have to get the list, Mr. Chairman.

Mr. KIESAU. That may not be a complete list of the board of directors. That might be just those that were in attendance at that meeting. I can give you the additional ones.

The CHAIRMAN. May I ask Mr. Mundie if you have the list of the directors?

Mr. MUNDIE. No, sir.

The CHAIRMAN. Mr. Duffy, did you procure it?

Mr. DUFFY. Senator, we have a list of the people in attendance at the meeting, but we do not at this time have an actual list of the members. But we have it in our files.

The CHAIRMAN. Where did you procure the list?

Mr. DUFFY. From the files of the Chicago Restaurant Association.

The CHAIRMAN. When it is produced, it may be placed in the record at this point as exhibit 28.

(The document referred to was marked "Exhibit 28" for reference, and may be found in the files of the select committee.)

Mr. KEANE. The minutes of the meeting will show who was present at the meeting, also.

The CHAIRMAN. Mr. Duffy, do we have the minutes of that meeting, showing who was present, showing the directors who were present, and others who were present at the meeting?

Mr. DUFFY. Senator, my examination of the minutes of the Chicago Restaurant Association, in that I did not find any minutes reflecting this particular situation.

The CHAIRMAN. All right. The witness can testify to it. Proceed.

Mr. KIESAU. What was the question, sir?

Mr. KENNEDY. Mr. Duffy, I believe, stated that he did not find anything in any of the minutes of the Chicago Restaurant Association indicating that members of the board of directors were informed by you that Mr. Teitelbaum was involved in this.

Mr. KIESAU. The board of directors was told, and they can be subpoenaed to testify. I am sure of that.

Mr. KENNEDY. Mr. Kiesau, that may very well be true. But what I am stating is that, from an examination of the records, there is no indication that was written down on paper.

Mr. KIESAU. That may be so.

Mr. KENNEDY. That is the the point.

Senator GOLDWATER. Did you inform them of this in the formal meeting, or did you inform them individually?

Mr. KIESAU. No. In the formal meeting.

Mr. KENNEDY. Wouldn't something like that be contained in the minutes ordinarily? Something as serious as that?

Mr. KIESAU. Ordinarily it would be. But in the minutes of the organization, such as ours, we could not cross every "t" or dot every "i." But I can assure you that it was discussed and I am telling you that it was.

Mr. KENNEDY. Could you consider this the crossing of a "t" or dotting of an "i" when somebody——

Mr. KIESAU. No, I wasn't referring to it that way. What I meant was that everyone is human. It was not left out intentionally. There was no reason for it.

Mr. KENNEDY. This was not just a small matter; this was a matter where an employee of yours was involved in an extortion.

Mr. KIESAU. That is correct.

Mr. KENNEDY. I would think that would be something that would be kept in the minutes if they were kept accurate.

Mr. KIESAU. I understand Mr. Drake is to follow me, and he was present at the time. He conducted the meeting, and I am sure you can get him to testify on that same question.

Mr. KENNEDY. I am sure what you say about being discussed is correct. I am wondering why it was not put in the minutes. I think that is of even more interest. I would like to have you identify this letter.

The CHAIRMAN. The Chair hands you a photostatic copy of a letter dated March 2, 1951, addressed to Mr. Teitelbaum, and it appears to have been written by you as executive vice president of the Chicago Restaurant Association.

Will you examine that photostatic copy and state if you identify the letter?

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Do you identify the letter?

Mr. KIESAU. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 29.

(The document referred to was marked "Exhibit No. 29" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. This is a letter, Mr. Chairman, dated March 2, 1951, addressed to Mr. Abraham Teitelbaum, Teitelbaum & Melnik, 20 East Jackson, Chicago, Ill.:

DEAR MR. TEITELBAUM: This letter is to advise you that our board of directors will not authorize the repayment of the \$10,000 which you gave to the State's attorney's investigator, Mr. Dan Gilbert in 1950. As we discussed, probably the money was used in his political campaign for sheriff of Cook County. We understand that you needed him to help remove the pickets from the Regent Drugstore at the Sherman Hotel. Also, you told me that the demand by Mr. Gilbert was on the association. It has been the policy of the Chicago Restaurant Association, as you well know, that this expense, as well as expenses for union periodicals, subscriptions, dues, travel expenses, entertainment of union representatives and officials, strike expenses, hiring of additional attorneys, labor experts and all other expenses, in connection with your position as our labor counsel, are to be borne by you. These expenses are considered a part of your annual retainer fee. Your request for reimbursement is regretfully declined.

Very truly yours,

CHICAGO RESTAURANT ASSOCIATION,
D. F. KIESAU,

Executive Vice President.

This is a letter in 1951 that would indicate that Mr. Teitelbaum told you that he had made a \$10,000 payment to a city official. Is that correct?

Mr. KEANE. County.

Mr. KENNEDY. County, thank you. A county official. Is that correct, Mr. Kiesau?

Mr. KIESAU. That is approximately it.

Mr. KENNEDY. When this matter was brought to your attention, did you do anything other than protest or say that the restaurant association would not pay it directly?

Mr. KIESAU. I don't remember really too much about this particular letter other than the fact that Mr. Teitelbaum said that this is approximately what happened.

It was presented to the board of directors, and the board of directors authorized me to write the letter.

Mr. KENNEDY. Why wasn't Mr. Teitelbaum's services dispensed with immediately after you learned that he had made a \$10,000 payment?

Mr. KIESAU. Again, that is something, Mr. Kennedy, that I had no control over.

MR. KENNEDY. You mean once again it is the board of directors?

MR. KIESAU. Yes, sir.

MR. KENNEDY. Mr. Chairman, could we have the names of the board of directors?

They all knew about this?

MR. KIESAU. Yes, sir. It was discussed at a board of directors meeting. It says right here.

MR. KENNEDY. These are Chicago restaurant owners that knew about these situations and yet did nothing to dispense with the service of Mr. Teitelbaum?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. Do we have copies of the minutes of that particular meeting?

MR. DUFFY. Again, Mr. Chairman, on these minutes they do not reflect the people who were on the board of directors. They simply state the members who were in attendance at meetings.

MR. KIESAU. You can get that information at any time.

MR. DUFFY. This was not discussed either in the minutes.

MR. KIESAU. It is in the letter.

MR. DUFFY. It is in the letter, but it is not in the minutes.

MR. KIESAU. Well, that proves the fact, then, that everything does not get written in the minutes that actually happens.

MR. KENNEDY. It is very interesting, I think, that the two things we have found thus far that have not been in the minutes is, one, a bribe to a union official, and the other an alleged payoff to a county official.

MR. KIESAU. I can't answer that. I am unable.

THE CHAIRMAN. Who kept the minutes of these meetings?

MR. KIESAU. I kept the minutes. I wrote the minutes.

THE CHAIRMAN. You kept the minutes?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. So then if there is any failure to record the proceedings of the meeting accurately, the failure was on your part, was it not?

MR. KIESAU. Senator McClellan, all minutes were always given to the president at the time to review. As far as I know, almost all of them—I would say all of them—there might have been a miss in 20 years. Not until the last year or two have I had the president initial the minutes which probably should have been done way back.

THE CHAIRMAN. At any rate, you are the one that prepared the minutes?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. Kept the notes and wrote up the minutes?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. So if there is anything omitted that should have been in there, the initial failure would be on your part?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. And the next failure would be on the part of the president or chairman of the board not to detect the omission and have it inserted; is that correct?

MR. KIESAU. Yes, sir.

THE CHAIRMAN. Proceed.

MR. KENNEDY. Mr. Chairman, I would like to say in fairness to Mr. Gilbert that this was looked into by the Internal Revenue Service, and

certain other Government agencies. They found that although Mr. Teitelbaum stated that he made this payment to Mr. Gilbert, they found no evidence that he ever did make the payment, but that he was just making a statement that he had made it. All the evidence was that he kept the money himself.

The CHAIRMAN. As I understand you, now, from the information the committee has, it does not necessarily mean that Mr. Teitelbaum's report on the transaction that he actually paid the money is true.

Mr. KENNEDY. That is correct.

The CHAIRMAN. In other words, it is indicated that it was not true, and he was simply undertaking to shake down the restaurant association that much further?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Proceed.

Senator GOLDWATER. Was that determination made from Internal Revenue reports? In other words, Mr. Gilbert didn't show \$10,000 received?

Mr. KENNEDY. And the Internal Revenue Service and other Government agencies investigated, and they became convinced from a review of their records that Mr. Teitelbaum actually was trying to shake down the association.

Senator GOLDWATER. Did Teitelbaum report the \$10,000?

Mr. KENNEDY. He attempted to, and they investigated and found out from a review of his record that he had never made such a payment. The point, however, is that as far as the restaurant association knew from their records, he had made such a payment. Still Mr. Teitelbaum was kept on as the representative for them in labor-management relations.

The CHAIRMAN. In other words, the restaurant association, from the information it had, was bound to conclude, if they believed their counsel, that he had made the payment, and I assume they did believe him at the time, although they declined to reimburse him for it, stating that any such expenditures would have to come out of his own salary.

But notwithstanding that, knowing that he claimed he had made such a payoff, still your association retained him as its labor-relations counsel?

Mr. KIESAU. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. I wanted to ask you also about a third matter, and that is involving the London House, where Mr. Marienthal testified that Mr. Teitelbaum took steps to once again make payments to union officials, and he had discussed your problem and had come to you and said that he had had a problem with Mr. Teitelbaum. Were any steps taken after this was brought to your attention to dismiss Mr. Teitelbaum?

Mr. KIESAU. That wasn't a matter—you mean Mr. Teitelbaum paying the dues as was testified?

Mr. KENNEDY. Yes.

Mr. KIESAU. That was never brought to my attention.

Mr. KENNEDY. You never learned of that?

Mr. KIESAU. I beg your pardon?

Mr. KENNEDY. You never learned of that?

Mr. KIESAU. No. Mr. Marienthal testified to that, I believe.

Mr. KENNEDY. He testified that he went to see you, but he wasn't sure whether he discussed the matter with you or not.

Mr. KIESAU. He testified that he called me several times on the phone, I believe.

Mr. KENNEDY. But you say he never discussed the matter with you?

Mr. KIESAU. He never discussed the matter. He so testified last week.

Mr. KENNEDY. My recollection was that his testimony was that he discussed the fact that he had to see Mr. Teitelbaum, but he was not sure as to whether he had discussed in detail the matter with you. But as far as your testimony is concerned, he never did discuss this with you?

Mr. KIESAU. No, sir.

Mr. KENNEDY. He never told you that Mr. Teitelbaum was paying the dues for these employees?

Mr. KIESAU. That is correct.

Mr. KENNEDY. What about the Howard Johnson Restaurant, Mr. Kiesau? There we had a situation where the testimony was that some \$2,240 was used to pay the dues on certain of the employees of the Howard Johnson Restaurant. Could you tell us what action you took against Mr. Teitelbaum on that?

Mr. KIESAU. I beg your pardon?

Mr. KENNEDY. Could you tell us what action was taken against Mr. Teitelbaum for making any of those payments?

Mr. KIESAU. That, Mr. Kennedy, was a case where Mr. Teitelbaum was injecting himself in the Howard Johnson Restaurant matter. I don't believe he was on the payroll at the time. He was trying to settle the matter. I don't know that this is exactly the same as the testimony that Mr. Strang gave, one of your first witnesses, but as I recall it, Mr. Strang called one day, and I had been out to his place on a number of occasions. I live not too far from the Howard Johnson Restaurant.

He called one day and said, "I am told that I can settle the strike for approximately \$2,000. What should I do?" I immediately got in touch with the management committee by telephone, asked them their opinions, and the essence or the gist of the conversation went like this: "If that is what Mr. Strang wishes to do, and it will remove the pickets, I think you ought to tell him that the association has no objection, if that is what he wants to do."

It was a fee that he paid to Mr. Teitelbaum, that he paid to Mr. Teitelbaum as an attorney fee.

Mr. KENNEDY. You didn't know that that money in turn was being given to the union officials?

Mr. KIESAU. No, sir.

Mr. KENNEDY. Were you present when the money was handed over?

Mr. KIESAU. I believe I was at the restaurant the evening that Mr. Strang gave the check to Mr. Teitelbaum.

Mr. KENNEDY. And that check was for \$2,240, was it not?

Mr. KIESAU. That is what I understand.

Mr. KENNEDY. Were you present when Mr. Teitelbaum in turn endorsed that check over to Mr. Kerr?

Mr. KIESAU. No, sir.

Mr. KENNEDY. Did you discuss this with Mr. Kerr?

Mr. KIESAU. No, sir.

Mr. KENNEDY. You didn't go outside while the check was passed?
Mr. KIESAU. One evening, earlier in the week or 2 weeks before that, I don't remember exactly—I know what you are talking about—Mr. Teitelbaum, the only time that I can remember of anything like this happening, suggested that I meet Mr. Kerr. I was reluctant to do it. I will never forget it, because it was dark, it was in the evening. I think he was across the street, near a filling station. He begged and pleaded that I go over.

I agreed to do it. I talked to Mr. Kerr, I think, for about 3 minutes, 3 or 4 minutes, and came back to the restaurant. That was the only time I discussed anything with Mr. Kerr. That was previous to the settlement.

Mr. KENNEDY. You knew that the check for the \$2,240 was being made out to Mr. Teitelbaum?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. And you thought it was just for legal fees?

Mr. KIESAU. As a retainer fee.

Mr. KENNEDY. Did you know that these Howard Johnson Restaurant employees were being brought into the union?

Mr. KIESAU. No, sir.

Mr. KENNEDY. When did you learn of that?

Mr. KIESAU. I didn't find that out until Mr. Strang sometime later, when it became a Treasury Department matter for him, told me of the endorsement on the check.

Mr. KENNEDY. That was in 1955?

Mr. KIESAU. To the best of my knowledge.

Mr. KENNEDY. You never learned before that?

Mr. KIESAU. Not that I can recall.

Mr. KENNEDY. You never learned that these employees were brought into the union?

Mr. KIESAU. Well, I think I read in a publication, if you could say this was knowing of it, in a publication of the Hotel and Restaurant Employees Union, where they showed a picture of the strike and indicated below the caption that they had joined the union.

Mr. KENNEDY. Did you inquire into that, then?

Mr. KIESAU. No, because it didn't mean anything to me. I don't believe everything I read in a union publication. I don't believe everything I read in a newspaper.

Mr. KENNEDY. I see.

The CHAIRMAN. I present to you here what purports to be a photostatic copy of minutes of the board of directors meeting held at the association's offices Friday, October 3, 1952. It appears to bear your signature as secretary of the meeting. I ask you to examine it and state if you recognize that as a photostatic copy of the minutes of the meeting which you prepared and signed.

(A document was handed to the witness.)

(Witness conferred with counsel.)

Mr. KIESAU. I just referred to this.

The CHAIRMAN. I just ask you if you identify that as a photostatic copy of the minutes of the meeting at that time?

Mr. KIESAU. Yes.

The CHAIRMAN. That copy may be made exhibit No. 30.

(Document referred to was marked "Exhibit No. 30" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. I don't believe you referred to this, Mr. Kiesau. I believe you said you read in some magazine they were brought into the union.

This is in the minutes. Let's look back to the fact that we had information regarding a payoff to a union official that wasn't in the minutes; that we had a supposed payoff to a county official which didn't appear in the minutes and yet we have here in the minutes of October 3, 1952 a statement "attention was called to the August 1952 issue of the Catering Industry Employee magazine which included an article on the unionization of the Howard Johnson Restaurant."

Mr. KIESAU. That is just exactly what I was referring to, before you showed me the letter. The magazine. I said that I don't recall of hearing about it unless it were in a union restaurant publication.

Mr. KENNEDY. Well, not only was it in the union restaurant publication but it appeared in the minutes.

Mr. KIESAU. The minutes referred to the publication, Mr. Kennedy.

Mr. KENNEDY. And these minutes are signed by you as secretary of the meeting.

Mr. KIESAU. Yes sir.

Mr. KENNEDY. As you had been present when the payment had been made to Mr. Teitelbaum, and these employees were not supposed to be in the union did you inquire into it then, to find out whether Mr. Teitelbaum had made some payment to the union?

Mr. KIESAU. Inquired into what?

Mr. KENNEDY. When you found out that the Howard Johnson employees were, in fact, unionized, did you then inquire into how they became unionized?

Mr. KIESAU. I assume that they had.

Mr. KENNEDY. You were present when the payment of \$2,240—

Mr. KIESAU. It was definitely understood that it was a retainer fee.

Mr. KENNEDY. Then how did they end up in the union?

Mr. KIESAU. How did the restaurant employees? I don't think they ever ended up in the union.

Mr. KENNEDY. When you put this into the minutes, so that it would appear as though the employees of the Howard Johnson Restaurants were in the union, did you ever inquire as to what the situation was, Mr. Kiesau?

Mr. KIESAU. None other than what it indicates there.

Mr. KENNEDY. Did you ever inquire into it any further to find out what the situation was, as you had been kept advised?

Mr. KIESAU. I brought it to the attention of the board of directors.

Mr. KENNEDY. Did you ever go back to find out, to have any conversation with the Howard Johnson people?

Mr. KIESAU. Well, Howard Johnson—Mr. Strang was of exactly the same opinion that I was, that it had nothing to do with putting those employees into the union.

Mr. KENNEDY. Did you discuss it with Mr. Teitelbaum?

Mr. KIESAU. I don't recall. I may have.

Mr. KENNEDY. Mr. Strang testified he didn't learn about it until 1955.

Mr. KIESAU. I may have. I don't recall.

Mr. KENNEDY. What did he say? What explanation—

Mr. KIESAU. If I did, it could have been at the time that I saw the article in the Catering Industry Employee, or whatever the name of it is, but I can't say for sure whether I did or not.

Mr. KENNEDY. Mr. Kiesau, you understood that this was a practice of Mr. Tietelbaum, did you not, to make payments to the union and then make an arrangement to bring in a certain percentage of the employees into the union?

Mr. KIESAU. No, sir; I did not.

Mr. KENNEDY. You never knew about that?

Mr. KIESAU. I did not know of it being a practice.

Mr. KENNEDY. Did you know that he was doing it?

Mr. KIESAU. No, sir.

Mr. KENNEDY. You never knew he did that?

Mr. KIESAU. Well, it depends upon when. I told you a little while ago that Mr. Johnson reported it to me 3 years after he had done it.

Mr. KENNEDY. That was 1955.

Mr. KIESAU. Whenever that was.

Mr. KENNEDY. And you never learned prior to that time?

Mr. KIESAU. I believe, thinking back to the testimony of last week, I believe I did know in the Esrig case that he had either suggested or Mr. Esrig did put some of the people in the union, or they had been unionized by the union, one of the two.

I am inclined to believe that it might be the latter because Esrig's Coffee Shop, or whatever the name of it was, was down in the millinery district, where they were highly unionized. If I am not mistaken, the union legitimately had some employees in the union.

Mr. KENNEDY. Didn't you know that this was a practice by Mr. Teitelbaum, and you knew that he was following this practice of making certain payments to the union in order to bring in, maybe, 7 or 8 or a certain percentage?

Mr. KIESAU. I can't answer that, Mr. Kennedy, knowing it was a practice.

Mr. KENNEDY. You knew it was going on, did you not?

Mr. KIESAU. I didn't know. If I knew it was a practice, I would know it was going on.

Mr. KENNEDY. Did you know it was going on?

Mr. KIESAU. I didn't know. I told you that I didn't know it was going on except that a couple of the situations likely mentioned.

Mr. KENNEDY. Did you take any steps then to dismiss Mr. Teitelbaum when you found out about it?

Mr. KIESAU. That was a matter for our board of directors. I work for the board of directors.

Mr. KENNEDY. Did you inform the board of directors that this type of thing was going on?

Mr. KIESAU. Usually an employee doesn't tell his board of directors.

Mr. KENNEDY. You learned something about Mr. Teitelbaum's practices.

Mr. KIESAU. So did they.

Mr. KENNEDY. They knew about it?

Mr. KIESAU. They knew everything that I knew.

Mr. KENNEDY. Did you inform them?

Mr. KIESAU. Well, they testified——

Mr. KENNEDY. Just answer the question. Did you inform them?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. You did?

Mr. KIESAU. Yes.

Mr. KENNEDY. Now I show you a letter of July 21, 1950.

The CHAIRMAN. The Chair presents to you a photostatic copy of a letter of July 21, 1952, addressed to Mr. Teitelbaum. Apparently the letter was written by you. Will you examine it and state if you identify it?

(Document was handed to the witness.)

(Witness conferred with counsel.)

The CHAIRMAN. Did you identify the photostatic copy of the letter?

Mr. KIESAU. Yes, Mr. Senator.

The CHAIRMAN. That may be made exhibit No. 31 for reference and may be found in the files of the select committee.

Mr. KENNEDY. I would like to read this letter into the record. July 21, 1950, Mr. Abraham Teitelbaum, signed by D. F. Kiesau, executive vice president of the Chicago Restaurant Association.

DEAR MR. TEITELBAUM: This is in reply to your inquiry as to the arrangements made from time to time in the past concerning your retainer as counsel to the Chicago Restaurant Association. Permit me to state the following facts: You were retained as labor counsel for the Chicago Restaurant Association in 1939, at which time your retainer fee was \$15,000, plus \$5,000 per year to be used as out-of-pocket expenses in connection with traveling, union meetings, entertainment, incidentals, et cetera. Subsequently, your retainer was raised to \$20,000 per year, together with the additional \$5,000 per year as expenses, et cetera. In the past years, prior to 1949, you received sums of money at or about Christmas each year, ranging from \$2,000 to \$8,000 in addition to the above retainer and expenses allowed. While the latter was in the nature of a gift, it was intended to augment your expense account as the pressure became greater due to union contributions, hotel and traveling expenses necessitated when you moved to California, and were required to make additional trips to and from California by reason of the association's urgent demands for your services not originally contemplated. You have always advised us that the expenses we gave you in addition to the basic retainer was not sufficient. We know that unless you had received these increases in expenses from time to time, you would not have been able to carry on the splendid work performed by you for our association.

What is the "pressure became greater due to union contributions"? What does that refer to, Mr. Kiesau?

Mr. KIESAU. As I recall in this entire letter——

Mr. KENNEDY. That is of July 21, 1950.

Mr. KIESAU. This was a matter that Mr. Teitelbaum had discussed with me, and asked if we could give him a letter, the gist of which is incorporated in here. I discussed it again with the management committee. In this case, I do not recall whether it was by telephone or at a meeting. I am inclined to believe that it was by telephone. It was seeking authority to write this letter, and it was given to me, and the letter was written accordingly.

The gist of the letter was in accordance with his conversation with me.

Mr. KENNEDY. It would appear very clear from this letter that as far back as July 1950 you were aware that he was making these payments to these unions.

Mr. KIESAU. Well, I did not understand. As it looks now in print "Due to the union contributions"—I might have assumed that that was contributions for advertising and their publications, which many of the locals have. They all get out their little dance book or program book and go around to different restaurants and ask them for advertising. I probably thought of it at the time that that was it. I am not sure.

Mr. KENNEDY. Did you think that Mr. Teitelbaum was making payments in that connection?

Mr. KIESAU. No, sir.

Mr. KENNEDY. Well, then, this states clearly, "Pressure became greater due to union contributions," and this is what Mr. Teitelbaum, according to the sworn testimony before our committee, was doing all this period of time. He was making the payments for the various members of the restaurant association to the union.

Mr. KIESAU. In the one case he made a payment to Trunggell that we knew about, and then we stopped.

Mr. KENNEDY. This was back in 1950. Did you draw this to the attention of the restaurant association board of directors?

Mr. KIESAU. I am not sure about the board of directors in this case, Mr. Kennedy, but the management committee knew about it.

The CHAIRMAN. Tell us about the management committee. Is that a committee of the board of directors?

Mr. KIESAU. The management committee is a sort of interim committee between the board of directors' meetings with power to act on behalf of the board of directors.

The CHAIRMAN. That is what I assumed. But is it composed of members of the board of directors?

Mr. KIESAU. Yes, sir.

The CHAIRMAN. In other words—

Mr. KIESAU. It is a part of the board.

The CHAIRMAN. You have the board which has the overall managements, and then it delegates authority to a committee, a management committee, to act in the interim between board meetings?

Mr. KIESAU. That is right. And invariably, Senator McClellan, it is the older members, the people who have either been past presidents or active in the association for many years.

The CHAIRMAN. You said you had about 23 members of the board. How many of them compose the management committee?

Mr. KIESAU. Between 4 or 5.

The CHAIRMAN. Some 4 or 5 of them were designated as the management committee?

Mr. KIESAU. That is correct.

The CHAIRMAN. All right. I am trying to get the structure of it.

Mr. KIESAU. Including the president, who is ex officio.

Mr. KENNEDY. Then, of course, this other letter, Mr. Chairman, exhibit 29, dated March 2, 1951, the last paragraph says—

It has been the policy of the Chicago Restaurant Association, as you well know, that this expense, as well as expenses for union periodicals, subscriptions, dues—

What does that refer to, dues?

Mr. KIESAU. The same thing.

Mr. KENNEDY. Dues of what?

Mr. KIESAU. I don't know.

Mr. KENNEDY. You wrote the letter. I am asking you about both of these letters.

Mr. KIESAU. That was approximately the way he discussed it with me. I don't know what dues he paid, unless it were the dues, for example, that developed in testimony last week in the case of London House, Mr. Marienthal.

The CHAIRMAN. Would that be paying dues into a local for a given number of members so as to keep the plant or establishment from being organized? Is that what you mean?

Mr. KIESAU. Senator McClellan, the case that was testified to last week was the only case that I had ever heard of him paying any union membership dues.

The CHAIRMAN. That is what happened in the Strang incident.

Mr. KIESAU. What is that?

The CHAIRMAN. That is what happened in the Strang incident.

Mr. KIESAU. That was not. Mr. Strang paid that and it was a retainer fee.

The CHAIRMAN. You saw the endorsement. You know how it was handled. It went to the union.

Mr. KIESAU. At the time we did not.

The CHAIRMAN. I am not saying you did. But I wonder if this refers to similar transactions, where he was paying out this money and setting up a certain number of employees, designating them as union members and paying their dues. You refer to dues. I can't understand what else it would be except paying dues for some establishment on a given number of employees to prevent unionization.

Mr. KIESAU. I don't know of any other.

The CHAIRMAN. Obviously that is the way the \$2,240 check was handled. You know that now.

Mr. KIESAU. Yes, sir.

The CHAIRMAN. This would indicate that you knew at the time that he was also paying dues, that you were covering by the retainer fee.

Mr. KIESAU. I knew at the time?

The CHAIRMAN. Well, the letter indicates that. You refer to dues. Have you any other explanation than that he was actually paying dues on some people?

Mr. KIESAU. It didn't even occur to my thinking at the time that he was paying any union dues.

The CHAIRMAN. What did you have in mind when you used the word "dues"?

Mr. KIESAU. That was an expression that he used, union publications, union dues, entertainment.

The CHAIRMAN. Well, you don't call entertainment "dues." What else is included—

Mr. KIESAU. I think entertainment is included in here.

The CHAIRMAN. Well, yes, you covered a number of things, including this. You specified entertainment and other things and then you specified union dues.

Mr. KIESAU. I believe, Senator McClellan, they were his words.

The CHAIRMAN. They may have been his words. If he said something to you about union dues, what do you think he meant?

Mr. KIESAU. At the time I didn't think that it was like the Marienthal dues, I assure you.

The CHAIRMAN. You just didn't think. It is bound to have made some impression on you. Here is the director or manager or executive vice president of this association, and you are talking about union dues. I can hardly conceive that it would not be clear in your mind what was meant by union dues.

Mr. KIESAU. Many things that Mr. Teitelbaum said were never fully explained or understood by me, Senator McClellan. I still only know of one case where there was payment for union dues, and I learned that here.

The CHAIRMAN. I just don't quite understand. Union periodicals, subscriptions, dues, travel expenses, and so forth. I can't understand why you wouldn't have, at the time, known what he meant by dues.

Or what you meant when you used the term "dues." Do you know now what you meant then?

Mr. KIESAU. Based upon the one case involving the London House, I do.

If that is what the reference was to. But I did not understand it to be at the time.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Here is another letter, Mr. Chairman.

The CHAIRMAN. In this previous letter—well, the letter we have been talking about was March 2, 1951. Back some 9 months earlier, in July 1950, you used the term—

It was intended to augment your expense account as the pressure became greater due to union contributions.

What did you mean by union contributions? It seems back there then you knew he was making some kind of contributions to unions. In the next letter, 9 months later, it refers to union dues.

Mr. KIESAU. My answer to that would be exactly the same as it was for the union dues. That is, that we just discussed. It is exactly the same situation.

The CHAIRMAN. Well, you were augmenting his expense account and so forth in order to cover these things, obviously. Isn't that correct?

Mr. KIESAU. I assume that is it.

The CHAIRMAN. Well, isn't that it?

Mr. KIESAU. Yes, that is it.

The CHAIRMAN. Without assuming, that is a plain fact about it, isn't it?

Well, when you go to increase a payment, either salary, retainer, or for expenses, you generally know, and I would think as an administrative official of an association you would want to know, what expense was included in the increase being granted. That is, unless you just had a general understanding he was to go out and do anything, whatever is necessary, bribe or anything else, in order to handle the affairs of the association.

You don't want to leave that implication, do you?

Mr. KIESAU. Well, these matters of bonuses and/or gifts that were given to Mr. Teitelbaum at the end of the year were determined by the board of directors.

The CHAIRMAN. I can appreciate that.

Mr. KIESAU. I had nothing to do with that.

The CHAIRMAN. But you had knowledge of it.

Mr. KIESAU. Yes, sir, I did have knowledge of it.

The CHAIRMAN. You are bound to have.

Mr. KIESAU. But whatever knowledge I had, it still would not make any difference, because the board of directors acted upon it.

The CHAIRMAN. Maybe it didn't, but we want to know what that knowledge was. It might make a little difference to us.

Mr. KIESAU. Well, whatever it was, the board of directors were thoroughly acquainted with it. There was nothing ever done—

The CHAIRMAN. In other words, if it was to be used for a bribe, you would say they knew it?

Mr. KIESAU. If that were the facts.

The CHAIRMAN. If it was to be used to pay dues as a pay off, the board of directors knew it, is that what you are saying?

Mr. KIESAU. I don't think so, no, sir.

The CHAIRMAN. You said they knew what it was for. We are just trying to find out.

Mr. KIESAU. I said if they knew.

The CHAIRMAN. I thought you said—well, if you knew and if they knew and if neither of you knew, then you were operating with pretty loose management, were you not?

Mr. KIESAU. I would still have to answer that this way, that these matters were determined by a board of directors.

The CHAIRMAN. I understand they were. But I say that they certainly knew what was meant at the time they ordered the increased payments. I would think they knew. Do you say they did know or did not know?

Mr. KIESAU. I don't know what you are thinking, Senator McClellan, that they are. How can you tell what I am thinking that they are. I did not know.

The CHAIRMAN. Well, if I have somebody employed—it is just as simple as this—and he comes in and says "I have to have more money," and then I would say "What for?" I certainly would try to find out. Any businessman would do that. I would think I knew, at least, what the increases were being paid for, and if you used the term "union dues" or "union contributions," I think before I would grant the increase and pay out the money I would know what was meant by it. I assume that men who run restaurants and who operate restaurant associations, who serve on boards that operate it, and who serve as executive vice presidents of such associations, I assume they would know at the time, or I would think they knew.

All I am trying to find out is this, that these terms carry with them an implication that there was a payoff of some nature to unions.

Mr. KIESAU. Senator McClellan, I never knew of any payoff. This was approximately—

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Chairman, the record shows that on July 8, 1949, the retainer was increased from \$25,000 to \$54,000.

The CHAIRMAN. I hand you here what purports to be photostatic copies of minutes of the board of directors' meeting held at the association offices, Friday, July 8, 1949, at 10:30 a. m. It appears to be

signed by you as secretary of the meeting. Will you please examine that?

Mr. KENNEDY. He identified them.

Mr. KEANE. They have the minutes and we know what is in them.

The CHAIRMAN. Then it may be made exhibit No. 32.

(The document referred to was marked "Exhibit No. 32" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. It is correct that that increased Mr. Teitelbaum's retainer from \$25,000 to \$54,000?

Mr. KIESAU. Yes.

Mr. KENNEDY. On April 6, 1950, he was increased again to \$125,000?

Mr. KIESAU. Correct.

The CHAIRMAN. He started out at \$25,000 a year. When was he first employed?

Mr. KIESAU. I think he started out at \$20,000 in 1938 or 1939.

The CHAIRMAN. \$20,000 in 1938 or 1939?

Mr. KIESAU. I believe so.

The CHAIRMAN. Now we find here—what was the date it was raised from \$25,000 to \$54,000?

Mr. KENNEDY. 1949.

The CHAIRMAN. In 1949 his retainer was raised from \$25,000 to \$54,000. Is that correct?

Mr. KIESAU. That is correct.

The CHAIRMAN. And then in April 1956, a few months later—

Mr. KEANE. 1950.

The CHAIRMAN. 1940. I am sorry. A few months later, he was raised from \$54,000 to \$125,000; is that correct?

Mr. KIESAU. That is correct.

The CHAIRMAN. He must have really been a performer to get such substantial increases as that.

All right. Proceed.

Mr. KENNEDY. Were Mr. Teitelbaum's services dispensed with because of any of these activities, any of these kinds of payments.

Mr. KIESAU. I don't understand your question.

Mr. KENNEDY. Were Mr. Teitelbaum's services dispensed with because of any of these kind of activities, any payments to unions?

Mr. KIESAU. They were dispensed with in the case of a strike.

Mr. KENNEDY. Was it because he was unable to stop a picket line at the Marquis Restaurant?

Mr. KIESAU. It was generally understood that the attorney was retained to prevent a strike in those situations where the union was coercively picketing.

Mr. KENNEDY. So where he was unable to stop a picket line, that was the reason that his services were dispensed with?

Mr. KIESAU. That was generally the case with all the attorneys.

Mr. KENNEDY. As far as Mr. Teitelbaum, and we are just talking about him at this time, his services were dispensed with because he was unable to stop a picket line at the Marquis Restaurant?

Mr. KIESAU. That's correct.

Mr. KENNEDY. Then the Chicago Restaurant Association hired Mr. Champagne, is that correct?

Mr. KIESAU. That is correct.

Mr. KENNEDY. What did you know about Mr. Champagne's background as far as labor-management experience?

Mr. KIESAU. I did not know anything about Mr. Champagne's labor-management background. I believe that Mr. Drake is to follow me on the stand——

Mr. KENNEDY. I am just asking you.

Mr. KIESAU. I knew nothing.

Mr. KENNEDY. Did anybody ever tell you that he had any experience in labor-management relations?

Mr. KIESAU. No; they did not.

Mr. KENNEDY. What were you told as to his experience?

Mr. KIESAU. Nothing was told to me about his experience.

Mr. KENNEDY. Did you know that he, like Mr. Teitelbaum and Mr. Romano had many associates in the underworld in Chicago?

Mr. KIESAU. I did not know that.

Mr. KENNEDY. Ultimately, Mr. Champagne resigned some 7 or 8 months later?

Mr. KIESAU. That is correct.

Mr. KENNEDY. He was able to settle the Marquis strike within about a week after he was retained?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. Do you know how he was able to do that if he had no experience?

Mr. KIESAU. No; I don't.

Mr. KENNEDY. Then following him was Mr. Teitelbaum brought back for a short period of time?

Mr. KIESAU. I think so.

Mr. KENNEDY. And subsequently you retained Mr. Gutsell?

Mr. KIESAU. That is right.

Mr. KENNEDY. And Mr. Gutsell's services were dispensed with when he was unable to prevent a picket line?

Mr. KIESAU. That is correct.

Mr. KENNEDY. What restaurant was that?

Mr. KIESAU. That was the Nantucket.

Mr. KENNEDY. That was despite the fact that Mr. Gutsell had found that the employees at the Nantucket Restaurant were interested in joining the union?

Mr. KIESAU. I beg your pardon.

Mr. KENNEDY. That was despite the fact that Mr. Gutsell had found that the employees at Nantucket were interested in joining the union?

Mr. KIESAU. I believe that is not a correct statement.

Mr. KENNEDY. That is Mr. Gutsell's testimony.

Mr. KIESAU. I don't believe that he said that he had checked any signatures. He said that Mr.—I believe, and I stand corrected—that he had been informed by the union that they had 19 cards.

Mr. KENNEDY. Right, and he had seen the cards.

Mr. KIESAU. He said he had looked at them, but I don't believe that he indicated that he had verified the signatures or anything, as counsel for Mr. Reed.

Mr. KENNEDY. He said that the union was prepared to have an examination made of the cards.

Mr. KIESAU. That is right.

Mr. KENNEDY. And yet no steps were taken either by the Nantucket Restaurant or the Chicago Restaurant Association to have an examination made of the cards.

Mr. KIESAU. That is correct.

Mr. KENNEDY. A strike was called by the union.

Mr. KIESAU. That is right.

Mr. KENNEDY. And when the picket line appeared, Mr. Gutsell's services were dispensed with?

Mr. KIESAU. That is right. I think we ought to mention for the sake of the record that only 13 employees went out on strike.

Mr. KENNEDY. These individuals were all paid out of the voluntary fund, the labor relations consultants?

Mr. KIESAU. To support the individual in the case of this type of picketing, they were all paid—

Mr. KENNEDY. Just answer the question.

Mr. KIESAU. I misunderstood your question.

Mr. KENNEDY. Were the counsels that were retained, Mr. Teitelbaum, Mr. Champagne, and Mr. Gutsell, paid out of the voluntary fund?

Mr. KIESAU. The voluntary contribution fund.

Mr. KENNEDY. Do the nonunion restaurants contribute more to the voluntary fund?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. They contribute how much?

Mr. KIESAU. Well, that has varied over the years.

Mr. KENNEDY. How much are they contributing now?

Mr. KIESAU. The nonunion restaurants are contributing \$1 per month per employee. Those that are voluntarily participating.

Mr. KENNEDY. And how much for union?

Mr. KIESAU. The union restaurants are, at this moment, since last December, are not participating.

Mr. KENNEDY. Well, how much were they contributing?

Mr. KIESAU. They were contributing—I believe the ratio has always been approximately 50 percent.

Mr. KENNEDY. So the nonunion restaurants contribute twice as much as the union restaurants?

Mr. KIESAU. That is correct.

Mr. KENNEDY. I would think that the union restaurants would have far more to do with unions than nonunion restaurants.

Mr. KIESAU. No, Senator Kennedy—

Mr. KENNEDY. Mr. Kennedy.

Mr. KIESAU. Mr. Kennedy. I am sorry. I am very sorry. The union restaurants use a counsel only when contracts expire, which might have been anywhere from 12 months apart to 2 years apart, so counsel is only used primarily for that, unless there was a local disturbance of some kind or disagreement between management and the union and so forth in the union houses.

Mr. KENNEDY. And the nonunion might not use them at all; isn't that correct?

Mr. KIESAU. That is very much correct.

Mr. KENNEDY. It would appear, Mr. Kiesau, that certainly the association is not in any better moral position than the unions themselves, in view of the retaining of Mr. Teitelbaum with his criminal

background and the retaining of Mr. Champagne with his criminal background, the association with Mr. Romano, and then, of course, Mr. Champagne's association with this number of individuals, including his payments to Mr. English. And then also, the association was aware back in 1950 that Mr. Teitelbaum was making payments not only to union officials but allegedly to a county official, which would have been a crime; and you wrote letters which would indicate that you were aware of the fact then that he was making a practice of making payments on these dues.

There are 6 or 7 matters there that would indicate that the position of the restaurant association is certainly not any better than the position of the union in all of these matters. You can make any comment on that that you would like.

Mr. KIESAU. I would never agree to that.

Mr. KENNEDY. Well, you would agree that you hired Mr. Teitelbaum; isn't that correct?

Mr. KIESAU. Yes, sir; the association did.

Mr. KENNEDY. All right, the association hired Mr. Teitelbaum. The association knew also that Mr. Teitelbaum was hiring Mr. Louis Romano; isn't that correct?

Mr. KIESAU. Mr. Teitelbaum hired Mr. Romano.

Mr. KENNEDY. And both Mr. Romano and Mr. Teitelbaum had many criminal associates in the underworld in Chicago. You are aware of that?

Mr. KIESAU. I am not aware of the facts on that matter.

Mr. KENNEDY. You were aware of it generally?

Mr. KIESAU. I have read about it in the papers.

Mr. KENNEDY. Then you knew, according to your own correspondence, that Mr. Teitelbaum had said he was paying off a county official, \$10,000? You were aware of that?

Mr. KIESAU. Whatever is in the letter.

Mr. KENNEDY. And were you aware of the fact that in another instance a payment of \$150 extortion had been paid by Mr. Teitelbaum, with his concurrence, and that was in 1949?

Mr. KIESAU. Yes, sir—

Mr. KENNEDY. Then the association hired Mr. Champagne?

Mr. KIESAU. That is right.

Mr. KENNEDY. And with all of his associations. Those are the matters that I have mentioned. Then, of course, there are two other letters that we have discussed that will have to speak for themselves.

The CHAIRMAN. Mr. Kiesau, how much of the \$125,000 a year paid as a retainer fee for attorneys was used or was to be used to pay off these union officials, to prevent unionization of restaurants?

Mr. KIESAU. I have no knowledge of that, Senator McClellan.

The CHAIRMAN. Well, isn't that the reason that the fee was made so exorbitant?

Mr. KIESAU. Not that I know of.

The CHAIRMAN. Did you ever get a report from Teitelbaum, Champagne, or Gutsell that they were paying out this money for that purpose?

Mr. KIESAU. No, sir.

The CHAIRMAN. Was it ever discussed? It may not appear in the minutes, but was it discussed in your presence?

Mr. KIESAU. No, sir; never.

The CHAIRMAN. Did you require an explanation or a detailed accounting of the expenses that they were out?

Mr. KIESAU. No, sir.

The CHAIRMAN. In other words, they used their own conscience and own judgment, "Here is a lump sum, you keep us from being unionized, our members of this association, and as long as you do that, you can take this money and handle it any way you want to." Is that it?

Mr. KIESAU. I don't think that is——

The CHAIRMAN. Well, when they failed, you fired them.

Mr. KIESAU. That is correct.

The CHAIRMAN. That was the purpose of your hiring them.

Mr. KIESAU. The general understanding was that they were supposed to prevent employers from putting people in the union.

The CHAIRMAN. Well, you found he did put some in and you didn't fire him for that, because he kept down a strike.

Mr. KIESAU. I didn't have the determination for it.

The CHAIRMAN. Your association did not fire him for that?

Mr. KIESAU. That is correct.

The CHAIRMAN. Obviously, it approved that, so long as he got results.

Mr. KIESAU. We didn't know that, Senator McClellan.

The CHAIRMAN. You knew it afterward.

Mr. KIESAU. Knew it afterward, a long time afterward. In the Johnson case, it was 3 years.

The CHAIRMAN. You continued to retain him after you knew it; your association did.

Mr. KIESAU. Afterward; yes, sir.

The CHAIRMAN. And you did not fire him until he failed.

Mr. KIESAU. Well, I think 1953 would have been about the time that he was let go, which was approximately 3 years after the Les Johnson case.

The CHAIRMAN. All right.

Is there anything further?

Mr. KENNEDY. You had some financial transactions with Mr. Teitelbaum yourself?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. You made loans to him?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. Starting in 1949?

Mr. KIESAU. Yes, sir.

Mr. KENNEDY. \$30,000 in 1949, was it? \$25,000?

Mr. KIESAU. You have the figures.

Mr. KENNEDY. \$30,000 in 1949.

Mr. KEANE. He has the figures.

Mr. KENNEDY. Do you have the figures?

Mr. KIESAU. I believe it was \$25,000 in 1949.

Mr. KENNEDY. How much in 1950?

Mr. KIESAU. In 1950, \$25,000 on two different occasions.

Mr. KENNEDY. Twice \$25,000?

Mr. KIESAU. That is right.

Mr. KENNEDY. And then 1951?

Mr. KIESAU. 1951, two different occasions.

Mr. KENNEDY. How much?

Mr. KIESAU. In 1951, \$13,750, and \$15,000 the second time in 1951.

Mr. KENNEDY. You got a \$5,000 interest payment on the loan in 1949?

Mr. KIESAU. \$5,000; that is correct.

Mr. KENNEDY. And how long was the loan in existence?

Mr. KIESAU. I believe it was in existence about 4 months.

Mr. KENNEDY. You got \$5,000 interest on that loan?

Mr. KIESAU. That is what he offered me for making the loan. That is correct.

The CHAIRMAN. What was the amount of the loan?

Mr. KIESAU. \$25,000.

The CHAIRMAN. \$25,000 for how long?

Mr. KIESAU. I believe it was about 4 months.

The CHAIRMAN. Four months; and you got \$5,000 interest?

Mr. KIESAU. That is correct.

Mr. KENNEDY. What did he use the money for?

Mr. KIESAU. I don't have any idea.

Mr. KENNEDY. Did you ask him what he was going to use it for?

Mr. KIESAU. No; I didn't.

The CHAIRMAN. Do you know anyone else who will do that?

Mr. KIESAU. I know Mr. Teitelbaum borrowed money from many people, many restaurant people, I believe he also made a loan from the association once. I think the records so indicate. He made a loan from some of the directors of the association.

Mr. KENNEDY. How much did you get back on the loan that you made for \$25,000 on February 3, 1950?

Mr. KIESAU. \$2,500.

Mr. KENNEDY. How long was that out?

Mr. KIESAU. That loan was about 5 or 6 months.

Mr. KENNEDY. You did very well with Mr. Teitelbaum personally?

Mr. KIESAU. No; I didn't.

The CHAIRMAN. Were you making these loans personally?

Mr. KIESAU. No; I did not—excuse me?

The CHAIRMAN. Let me ask you. These were personal loans that you made to Mr. Teitelbaum?

Mr. KIESAU. Yes, sir; they were personal loans.

The CHAIRMAN. All right. Go ahead.

Mr. KENNEDY. Did you want to make some statement about them?

Mr. KIESAU. No; that is all.

Mr. KENNEDY. I guess that is all.

The CHAIRMAN. Are there any further questions?

Mr. KIESAU. I would like to mention, though, that the 2 loans that were made in 1951 there was no interest rate or nothing offered for making the loans.

Mr. KENNEDY. Why didn't you get any interest on that?

Mr. KIESAU. I beg your pardon?

Mr. KENNEDY. Why didn't you get some interest on that one?

Mr. KIESAU. Maybe I was trying to even out from what was paid before. I can't tell you.

Mr. KEANE. Mr. McClellan, may I make a short statement?

The CHAIRMAN. All right. We will hear you briefly.

Mr. KEANE. I believe your staff can tell you that the association has been fully cooperative in the investigation. We have turned over our office to you, all of the files and records and minutes and financial statements, everything they had. They had the complete run of the office and we have given them every bit of cooperation. I think that ought to be on the record.

The CHAIRMAN. All right. We accept your statement and for the cooperation and assistance you have given, the association and officials and anyone else, the committee is always grateful. We have a tough assignment here, and when we get a little help instead of obstruction and hindrances, we are grateful for it. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. George Drake.

The CHAIRMAN. Be sworn, please. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DRAKE. I do.

TESTIMONY OF GEORGE T. DRAKE, ACCOMPANIED BY COUNSEL, WILLIAM J. LANCASTER

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. DRAKE. My name is George T. Drake. I reside at 143 Sheridan Road, Kenilworth, Ill. I am a restaurateur in the city of Illinois, and also in the village of Willamette, Ill.

The CHAIRMAN. A restaurant owner and operator?

Mr. DRAKE. Yes, sir.

The CHAIRMAN. What are your connections with the Chicago Restaurant Association?

Mr. DRAKE. At the present time I am an ex-president and remain a permanent member of the board.

The CHAIRMAN. You have counsel with you?

Mr. DRAKE. Yes, sir; I do.

The CHAIRMAN. Counsel, identify yourself for the record.

Mr. LANCASTER. William J. Lancaster, 111 West Washington Street, Chicago, Ill., a member of the Illinois bar.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Drake, you were president of the association during what period of time?

Mr. DRAKE. That is, I believe, from April of 1949 until April of 1954.

Mr. KENNEDY. Did you have any official position with the restaurant association prior to 1949?

Mr. DRAKE. I belonged to a couple of minor committees, I believe, prior to that. I don't recall exactly what they were.

Mr. KENNEDY. Could you tell the committee why the restaurant association took no steps to dispense with the services of Mr. Teitelbaum when it was brought to their attention that he was involved in the extortion of the Nantucket Restaurant and you were president of the association?

MR. DRAKE. At that time we did take the one step that has been testified to here, as far as forcing Mr. Teitelbaum to pay the money back. I do recall that he was admonished by the board, and he more or less promised and said that he would not enter into that type of arrangement again.

MR. KENNEDY. What about the \$10,000 payment supposedly to be paid to the county investigator, Mr. Dan Gilbert?

MR. DRAKE. Could I look at that letter, please, Mr. Kennedy, again?

The Chair presents to the witness exhibit No. 29 for his examination.

(The document handed to the witness.)

(The witness conferred with his counsel.)

MR. DRAKE. I believe as stated in that first paragraph, it was our opinion that that had been a political contribution.

MR. KENNEDY. Let's make sure that you understand it. It says, "We understand that you needed him to help remove the pickets from the Regent Drugstore at the Sherman Hotel."

MR. DRAKE. I don't recall that part of it, Mr. Kennedy. I don't recall as to that part of the statement before the committee or whether it was something that Mr. Kiesau had or that Mr. Teitelbaum had talked about to Mr. Kiesau.

I could recall the \$10,000 payment. I do recall that it was considered by us a political contribution. Many of us make political contributions in the city of Chicago to public officials, and for their campaigns.

MR. KENNEDY. Mr. Kiesau just testified that he gave the full facts to you and to the other members of the board of directors, and this was to get rid of a picket line, and you people were aware of that.

MR. DRAKE. I do not accept that statement. No, it was not.

MR. KENNEDY. Mr. Kiesau just testified to that.

MR. DRAKE. He wrote that letter, Mr. Kennedy.

MR. KENNEDY. He testified under oath that he told you all the facts in this matter.

MR. DRAKE. I did not hear him. He may have. I told you that I do not recall that part of it, sir.

MR. KENNEDY. You never saw this letter before?

MR. DRAKE. I wouldn't say "Yes" or "No." I do not recall. I think it was written after our answer.

MR. KENNEDY. You say that you were unaware of the fact, then, that the payment was for that purpose?

MR. DRAKE. Yes, I am unaware of the fact that the payment was for that purpose.

MR. KENNEDY. Why did you retain or have on the payroll somebody such as Abraham Teitelbaum in the first place?

MR. DRAKE. Mr. Abraham Teitelbaum came to the association at least 10 years prior to my entry in the association. The board of directors maintained him there. I went along with the board of directors.

MR. KENNEDY. Why did you have somebody like Louis Romano on your payroll?

MR. DRAKE. We did not have Mr. Romano on our payroll.

MR. KENNEDY. Mr. Romano was associated and doing work for the Chicago Restaurant Association. He was being paid out of the retainer fee that was being paid to Mr. Teitelbaum.

Mr. DRAKE. That is correct.

Mr. KENNEDY. Why did you have somebody like that around?

Mr. DRAKE. What do you mean have him around? Because he was retained by Mr. Teitelbaum.

Mr. KENNEDY. Well, you knew of——

Mr. LANCASTER. Mr. Chairman, throughout this hearing, Mr. Kennedy has referred to Mr. Romano as an employee of the association, and has continued with that line of questioning. That is what the witness is saying. He was not an employee of the restaurant association.

I don't think it is fair for Mr. Kennedy to continually say "Why did you have this man as an employee of the restaurant association?"

The CHAIRMAN. Just a moment, now, it is drawing a pretty fine line, but if you employ a law firm to represent you, it is generally known that many law firms have attorneys on their staff that assist them. They may be salaried, and paying the firm covers the expense of such help as they may employ. The point is here, and I think this is the crux of it: Did the restaurant association know that Romano, as an employee of Teitelbaum, was actually helping to do the work for the association? And did they know of his character and his reputation?

Mr. DRAKE. I can tell you this, that I did not know of his background or his character or reputation at that time. The only thing I did know about Mr. Louis Romano is that he had been a member of the Bartenders' Union and had been the president of same. That is all.

The CHAIRMAN. You knew nothing else about him?

Mr. DRAKE. No, sir.

The CHAIRMAN. When you learned about his character and his past, his record did you insist on his being discharged or not used for the restaurant association business?

Mr. DRAKE. Mr. McClellan, the first time I learned anything about his criminal record was during these hearings.

The CHAIRMAN. Of course, I can appreciate you might employ somebody without knowing. Here you didn't directly employ him, but you did know that he was assisting——

Mr. DRAKE. I don't remember Mr. Romano being that active, Mr. McClellan.

The CHAIRMAN. I beg your pardon?

Mr. DRAKE. I do not recall Mr. Romano as being that active. All our dealings were directly with Mr. Teitelbaum.

The CHAIRMAN. Do you know of any work that he did for the association?

Mr. DRAKE. He didn't do the work for the association.

The CHAIRMAN. I beg your pardon?

Mr. DRAKE. Any work he did, he did for Mr. Teitelbaum, and I don't recall where we actively brought Mr. Romano as an employee of the association, nor did we follow his work, in what he was doing, and I don't think any of the board of directors know much about his activities.

The CHAIRMAN. O. K., if that is the way you want to leave the record. You have a situation here that raises eyebrows. You know that as well as I do. You have this tie-up here. You get a lawyer,

and I am talking about the association and not you personally, you hire a lawyer that is known to have underworld connections, representing possibly the top-ranking hoodlums in the area, and then he employs to help him another man that has a terrible record. I just can't believe that businessmen could be unaware of the situation, and that they were innocent victims or innocent in the arrangements they made here to have their business looked after by characters of this sort.

Proceed, Mr. Kennedy.

MR. KENNEDY. Mr. Drake, did you play any role in the hiring of Mr. Champagne?

MR. DRAKE. Yes; I did, sir.

MR. KENNEDY. What role did you play in that?

MR. DRAKE. I first went out, along with Mr. Cliff Marquis, and with Mr. Marion Isbell, to see Mr. Champagne.

MR. KENNEDY. Who recommended Mr. Champagne to you?

MR. DRAKE. I do not remember.

I believe Mr. Champagne called me. I am not sure of that. I think I got a call from Mr. Champagne. It is either that or his name was given to me by someone in my restaurant. I cannot tell you for sure.

MR. KENNEDY. You were the one that recommended Mr. Champagne to the restaurant association?

MR. DRAKE. I am the one that made the original contact, that is correct, sir.

MR. KENNEDY. And you knew at that time about all of his criminal associates?

MR. DRAKE. I did not know about his criminal association; no, I did not, sir.

MR. KENNEDY. Did you investigate or look into them at all, Mr. Drake?

MR. DRAKE. I think that takes just a little bit more than a direct answer. Will you give me a minute or two?

MR. KENNEDY. Yes. But did you look into his background and experiences?

MR. DRAKE. I have to answer that if you will allow me just a minute. Will you allow me to do that?

The CHAIRMAN. All right, but get to the answer.

MR. DRAKE. All right. I will give you an answer, and you may be interested in hearing this answer, sir. I think you will be.

The CHAIRMAN. All right. Proceed.

MR. DRAKE. At the time that we hired Mr. Champagne, I was president of the association. The Marquis had a strike around its 11 little small units, this picket line had been placed by the unions that you have so blackened here in these hearings.

The CHAIRMAN. You say we have blackened?

MR. DRAKE. Well, it has come out in testimony. We will put it that way. I will retract that, sir.

The CHAIRMAN. I don't think this committee is interested in blackening. We are trying to develop facts. All right.

MR. DRAKE. At the time they placed the picket line around this chain of restaurants in order that the owners would coerce the em-

ployees, force them, into joining the union. A virtual stranglehold had been placed upon this company. They could not get deliveries in the normal method. We could not get the garbage out by the normal scavengers. We had no laws to turn to. There are no laws on the statutes of the State of Illinois or in the code of the city of Chicago. Our hands were tied. The strike was costing us approximately \$20,000 to \$25,000 a week.

This was coming out of the voluntary fund of the Chicago Restaurant Association, and this fund could not go on indefinitely. So when the time came that Mr. Champagne's name came to me, and I took Mr. Isabell and I took Mr. Marquis out with me to see Mr. Champagne, and I asked Mr. Champagne if he could assist us in this matter, he told me at that time that he would try. I said if he could successfully terminate this strike, I could almost assure him that he could become the counsel for the Chicago Restaurant Association.

I repeat we had no place to turn. We had no local law that could give us a free election by the employees. We had nothing that could stop the secondary boycott, and according to your own statements, we were guilty of three alternatives, No. 1, if we fought we were guilty of union busting, and No. 2, if we made side deals we were extorting money, and No. 3, this is my own opinion, if we forced those employees to go into the union that is a form of dictatorship.

That is all.

The CHAIRMAN. You haven't answered the question. Did you look into the background of Mr. Champagne before you employed him?

Mr. DRAKE. I think my answer was clearly stated we did not.

The CHAIRMAN. You did not?

Mr. DRAKE. No, sir.

The CHAIRMAN. That is the answer. Proceed.

Mr. KENNEDY. Did you find out how he was spending the money?

Mr. DRAKE. No, sir.

Mr. KENNEDY. Did you ever make any determination or any investigation to find out what he was doing with the money you were paying him?

Mr. DRAKE. No, sir.

Mr. KENNEDY. All you were interested in was that he got the results; is that right?

Mr. DRAKE. Was there anywhere else we could go?

Mr. KENNEDY. Mr. Drake, why don't you answer the question? All you were interested in was that he should get the results; is that right?

Mr. DRAKE. I think I made that clear, because there was no place else that we could go.

Mr. KENNEDY. The answer is "Yes"?

Mr. DRAKE. That is right.

Mr. KENNEDY. I think that your position is no better than the union's.

Mr. DRAKE. That is your opinion.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. That is all.

Mr. DRAKE. There is one thing else I would like to say, if I may say so.

The CHAIRMAN. I am sorry, Mr. Drake, I had another matter here to discuss.

Mr. DRAKE. I did want to state that in the sessions in 1955 and 1957 in the Illinois State Legislature, two bills were proposed that were commonly called the antiracketeer picketing bills. We sent delegations down, and attempted to have these bills passed and the legislature saw fit to discard them both times.

There is one other point I believe should go in the record. Our voluntary contribution fund has been called a union-busting fund. I wish to make one statement on that. In 1951 I was an operator of six nonunion restaurants and ready to open a seventh. Two days prior to opening that restaurant, we had our complete crew organized, and the unions came in to see me, and, by the way, the name of the place was known as the Opera Club, and the unions came in to see me and said, "We have the majority of your employees signed up," and I said, "Produce the cards." They produced the cards, and upon checking the record they were right, and I signed a union contract for that operation.

Here I was the president of the association and had the purse strings of this fund on my side, and yet this is to prove that that voluntary fund would not back up anyone that did not have the majority of his employees that wanted to stay out of the union.

Mr. KENNEDY. In view of that, how do you explain the Nantucket case?

Mr. DRAKE. I again don't believe that the union had the majority of the people.

Mr. KENNEDY. They said that they had cards.

Mr. DRAKE. Did they verify it?

Mr. KENNEDY. They said they would be glad to have you verify the cards.

Mr. DRAKE. Mr. Gutsell said that, and at no time did they tell that to Mr. Reade, and I was very close to Mr. Reade throughout the entire strike.

Mr. KENNEDY. Mr. Gutsell was your representative and he made a sworn statement here, before the committee, to that effect.

Mr. DRAKE. Did he verify the cards?

Mr. KENNEDY. He said that he went and they showed him 19 cards, and the union would be glad to have the cards examined and the signatures compared, and nobody from the association and nobody from the Nantucket Restaurant were interested in having the signatures compared. For that reason your position is far different than it would be otherwise.

You weren't interested at that time in having the signatures compared?

Mr. DRAKE. I can't recall his sworn testimony word for word, Mr. Kennedy. I was here at the time, and I think that there are a few facts that are wrong.

Mr. KENNEDY. Oh, no; I know that they are not.

Mr. DRAKE. That is exactly what he said.

The CHAIRMAN. We have the record both ways, now. Is there anything further?

Senator GOLDWATER. I have just a few questions, Mr. Chairman, before this witness leaves. I think this points up a fact that goes

across the country, that small-business people, whether they be restaurant people or merchants or whatever they be, are not able to combat (1) the lack of interest of the State legislatures in these matters when they refuse to pass legislation to cover these things, and (2) the lack of interest of local governments when they refuse or don't show enough interest to pass ordinances or legislation to cover these no man's land cases, and (3) if we didn't have these organizations, and I don't condone all of the activities of all of these organizations, many small-business men would go out of business.

Mr. DRAKE. That is true.

Senator GOLDWATER. I think this points up very vividly the need for State legislatures across this country to pay some attention to local labor laws, and also for police departments and city governments across the country to give some protection to both sides of the fence. I know today in practically every city of any size in this country what we have heard described in Chicago could exist and does exist in many cases. These associations are a virtual necessity for the existence of small business regardless of what they are.

Now, they might be run one way in one town and another way in another town, but they live across this country and they serve a purpose. They will continue to live until our legislative bodies at the local level assume their responsibilities. I think the States should have laws to cover these areas. I don't like to see the Federal Government invade this no man's land with its power. I don't like to see Federal Government extend its Taft-Hartley law down into intrastate commerce. But if the local authorities don't do it, that is the only source of enforcement that they are going to have.

Mr. DRAKE. I think your analysis is excellent.

The CHAIRMAN. The committee will stand in recess for 5 to 10 minutes. We want to proceed a little longer today into the noon hour than usual, because we cannot reconvene this afternoon until 3 o'clock. So we would like to run along as far as we can.

You may stand aside for the present and we will stand in recess for 5 or 10 minutes.

(A brief recess was taken.)

The CHAIRMAN. The committee will come to order.

Mr. KENNEDY. We planned to put in the figures that we have on the Chicago Restaurant Association but the witness is out of the room at the present time, and so I would like to call someone else.

(At this time, members of the committee present are: Senators McClellan and Goldwater.)

The CHAIRMAN. The Chair observes that a quorum is present.

Mr. KENNEDY. We move into a new phase of the hearings, Mr. Chairman, and we have been discussing the relationship between the various unions and the Chicago Restaurant Association, where the Chicago Restaurant Association made a role. Now we are going into situations where the individual restaurants had to deal with the union, and I would like to call as the first witness Mr. Jay Adler.

The CHAIRMAN. You do solemnly swear that the evidence, given before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. ADLER. I do.

TESTIMONY OF JAY ADLER

The CHAIRMAN. State your name, and your place of residence, and your business or occupation.

Mr. ADLER. Jay Adler, 9050 South Coyne, Chicago, restaurant business.

The CHAIRMAN. How long have you been in the restaurant business?

Mr. ADLER. Twenty-five years.

The CHAIRMAN. Do you waive counsel, Mr. Adler?

Mr. ADLER. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Adler, were you approached in 1935 about having certain of your employees made members of the union?

Mr. ADLER. I was approached in 1935 for having all of the employees in the union.

Mr. KENNEDY. What restaurant did you own at that time?

Mr. ADLER. Well, I was a partner of Mr. Mickelberry, in Mickelberry's Log Cabin Restaurant.

Mr. KENNEDY. Is that the restaurant you have at the present time?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. Do you own that?

Mr. ADLER. With Mrs. Mickelberry.

Mr. KENNEDY. And that is M-i-c-k-e-l-b-e-r-r-y Log Cabin Restaurant?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. Did you give the address?

Mr. ADLER. 2300 West 95th Street, Chicago, Ill.

Mr. KENNEDY. Did Mr. Blakely of local 593 have discussions with you at that time?

Mr. ADLER. Well, there was quite a few, Mr. Kennedy, and I am of the opinion that Mr. Blakely was in the group, but I don't remember exactly.

Mr. KENNEDY. What was the proposition that was made to you?

Mr. ADLER. They came in to see us and wanted us to join the union.

Mr. KENNEDY. Would you tell us what you did then?

Mr. ADLER. Well, we talked to them and nothing was done, and the matter was left undecided and they said they would be back again which they did, in I would say 4 or 5 times in 1935, and then in 1936.

Mr. KENNEDY. Did you put a certain number of your employees in the union?

Mr. ADLER. Well, Mr. Kennedy, may I tell you something about it before I say that? The arrangement they wanted was for the whole place to be unionized but Mr. Mickelberry wouldn't put the girls in.

After every one of these meetings, it still was the same, Mr. Mickelberry would not put the girls in. Then in 1936 there was a man by the name of Corky in the restaurant evenings late at night with his wife, and he would sit around and talk, and both Mr. Mickelberry and I got to know him although we never knew what business he did or where he lived.

So one night he said to me, "Jay, Mr. Adler, what reason do you and Charley have for not going in the union?" and I said to him, "What union," and he said, "The Hotel and Restaurant Union," and I said, "Do you represent them," and he said, "Yes." I said, "You know

why we won't go in, we won't put the girls in," and Mr. Cortney said "Maybe that can be arranged." And so I told Mr. Mickelberry the next day, and about I don't how much longer after that, but anyway they came back, the whole bunch of them came out, and we had a meeting, and we put the kitchen employees in and left the girls out.

Mr. KENNEDY. How many employees did you put in?

Mr. ADLER. About 10 or 12.

Mr. KENNEDY. And subsequently—

Mr. ADLER. It was our total kitchen force.

Mr. KENNEDY. Subsequently that has been raised to about 19; is that right?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. Were those employees ever informed that they were in the union?

Mr. ADLER. At the start it is pretty hard for me to remember for sure, 25 years ago, but I don't think they were told, but subsequently within a month, sometime during the month, they all knew they were in, because they all got letters of greetings from Cincinnati, informing them that they were welcome to the union.

Mr. KENNEDY. Did the union ever make any approach to them?

Mr. ADLER. Not that I know of.

Mr. KENNEDY. Was there any wages or hours or conditions discussed?

Mr. ADLER. Not that I know of.

Mr. KENNEDY. You continued to pay the dues on these 19 employees?

Mr. ADLER. Yes, sir; Mr. Kennedy. We were going to take the dues out of the employees' wages after we got in there, but being in 1936 right at the time of the depression, we just didn't do it and we have always been going to do it but we never have.

Mr. KENNEDY. So you still pay on them, do you not?

Mr. ADLER. Yes, sir.

Mr. KENNEDY. Some of the employees that you were paying on were not even employed at your restaurant, is that right?

Mr. ADLER. Well, they were changed from time to time, Mr. Kennedy, and that fact was brought out when Mr. Duffy and Mr. Kelly came to see me.

Mr. KENNEDY. Mr. Duffy, can you tell us what the record shows as to that?

Mr. DUFFY. We examined the records of Mr. Mickelberry's Restaurant and we found he was paying dues on 19 employees without deducting those dues from the employees' salaries. Checking those 19 names, we found that he was paying on 4 employees that had been gone some as far back as 1956.

Mr. ADLER. That is right, 2 years.

Mr. KENNEDY. Two of the employees have been gone since 1954, according to the records.

Mr. ADLER. I suppose that is right.

Mr. KENNEDY. Did the union representatives of local 593, Mr. Blakely or Mr. Lardino ever check to determine whether you were paying union scale?

Mr. ADLER. Well, I have never met Mr. Lardino, Mr. Kennedy, but Mr. Blakely never checked.

Mr. KENNEDY. He never did?

Mr. ADLER. No, sir.

Mr. KENNEDY. Did you ever sign any kind of a contract with the union?

Mr. ADLER. I don't think that I did.

Mr. KENNEDY. No welfare benefits for the employees? There have been no welfare benefits, other than what you might give them yourself?

Mr. ADLER. That is right.

Mr. KENNEDY. How did you know what the union scale was for any of the employees?

Mr. ADLER. I didn't know it up to that time, and I have a general idea what it is now.

Mr. KENNEDY. But as of the time we started our investigation?

Mr. ADLER. That is right, I know the girls get 67 cents.

Senator GOLDWATER. That is an 8-hour day?

Mr. ADLER. Well, the girls, Senator, are on part-time, and some work 11 to 2, and some work 5 to 9.

Senator GOLDWATER. Sixty-seven cents is based on an 8-hour day?

Mr. ADLER. It is 67 cents an hour.

Senator GOLDWATER. Based on an 8-hour day?

Mr. ADLER. I don't think there is any hourly basis on it, and I don't think that there is any daily basis.

Senator GOLDWATER. Do you have any State law in Illinois that limits the length of time a woman can work?

Mr. ADLER. That is right, 8 hours.

Senator GOLDWATER. Forty-eight hours a week, or 8 hours a day?

Mr. ADLER. An 8-hour day.

Senator GOLDWATER. No longer than 8 hours in 1 day?

Mr. ADLER. That is right.

Senator GOLDWATER. Nor 48 hours in 1 week?

Mr. ADLER. That is right.

Mr. KENNEDY. They never spoke to you about finding out whether any of your employees were being paid the union scale, that is the union representatives?

Mr. ADLER. No, they didn't, but I talked to Mr. McCormack on 1 or 2 occasions, who was the man that came in to collect the dues, and I asked about certain wages like if \$75 was enough for the cook, and if that was the wage scale, and he would say yes.

Mr. KENNEDY. Was Mr. Blakely by there quite frequently?

Mr. ADLER. I wouldn't say quite frequently, and he comes in off and on.

Mr. KENNEDY. And he never discussed it with you himself?

Mr. ADLER. No.

Mr. KENNEDY. We have Mr. Gotsch, who will testify as to how many employees are being paid union and how many are not.

The CHAIRMAN. All right.

TESTIMONY OF GERALD GOTSCH—Resumed

Mr. GOTSCH. In the restaurant there are 77 employees, in the restaurant category classification. Sixty-six are being paid below union scale, and 11 are being paid above. The total annual savings to this restaurant is \$19,600 annually.

The CHAIRMAN. You mean if the regular union scale was paid, it would cost that much more to operate the restaurant?

Mr. GOTSCH. That is correct, Senator.

TESTIMONY OF JAY ADLER—Resumed

The CHAIRMAN. Let me ask you a question or two, Mr. Adler. When did you first put your employees into the union?

Mr. ADLER. 1936.

The CHAIRMAN. It was in 1936?

Mr. ADLER. Yes, sir.

The CHAIRMAN. For the past 22 years, do I understand, that the management has paid the dues?

Mr. ADLER. Yes, sir.

The CHAIRMAN. There has never been any deduction of dues?

Mr. ADLER. No, sir.

The CHAIRMAN. Management has paid it?

Mr. ADLER. Yes, sir.

The CHAIRMAN. Were the employees or any of them consulted about whether they should join the union or not?

Mr. ADLER. Well, I would say about for the last 10 years, every time one of the employees is put into the union I tell them about it and they sign a ticket, and the union application.

The CHAIRMAN. But the point I am making here is that in the initial arrangement, the working people themselves had no choice. They were not given the opportunity of the free exercise of their choice as to what union they would like to belong to or prefer to belong to, or if they preferred to belong to none.

Mr. ADLER. You are referring back to the 22 years ago, back to 1936?

The CHAIRMAN. For all of those years, up to the last 10 years, you say.

Mr. ADLER. Yes, sir.

The CHAIRMAN. That would be correct?

Mr. ADLER. Yes, sir.

The CHAIRMAN. Now, what is the advantage to your employees of having such an arrangement. What do they get out of it?

Mr. ADLER. Well, at the time, Senator, I didn't know what they got except they did get \$200 for death benefit.

The CHAIRMAN. They have to die to get anything out of it; is that right?

Mr. ADLER. But since then I have learned that they have a hospitalization plan.

The CHAIRMAN. Do you know what it is?

Mr. ADLER. Just if they are sick they go to the hospital, and the union pays for it.

The CHAIRMAN. We all do that, if we can, I guess. Who pays the bill and how much, do you know what the arrangements are?

Mr. ADLER. No.

The CHAIRMAN. Do you have any contract with the union at all other than just this verbal understanding?

Mr. ADLER. Not that I know of.

The CHAIRMAN. Does your arrangement include that they will not undertake to organize your waitresses?

Mr. ADLER. Well, that is pretty hard for me to say.

The CHAIRMAN. That has been an implied understanding, hasn't it? You wouldn't put them there?

Mr. ADLER. Mr. Mickelberry wouldn't put them in.

The CHAIRMAN. And they settled on that basis?

Mr. ADLER. Yes, sir.

The CHAIRMAN. That you would put in the kitchen help at that time?

Mr. ADLER. Yes, sir.

The CHAIRMAN. You put in 10 or 12 at that time, and they agreed then not to molest or undertake to organize your waitresses?

Mr. ADLER. Well, they never mentioned anything about the waitresses after that.

The CHAIRMAN. Have they mentioned anything about trying to organize them for the past 22 years?

Mr. ADLER. No.

The CHAIRMAN. So what you have actually done is kind of bought labor peace; haven't you?

Mr. ADLER. Well, I would say "Yes."

The CHAIRMAN. That is what it actually adds up to.

Mr. ADLER. But Senator—

The CHAIRMAN. I am not saying you haven't profited by it, but that is what it actually amounts to. There has been no free exercise of the right of the individual to join a union or not to join, has there?

Mr. ADLER. No.

The CHAIRMAN. They haven't that right?

Mr. ADLER. No.

The CHAIRMAN. Your agreement with the union took that privilege away from them?

Mr. ADLER. Yes, sir.

The CHAIRMAN. That is what it amounts to; isn't it?

Mr. ADLER. That is right.

The CHAIRMAN. And by reason of this arrangement, you have had no strikes, and you have had no difficulty with the union in any way?

Mr. ADLER. Well, Senator, in the first place we never had any threats, and there was never any argument and there was never any coercion and there was never any smart aleckness or bulldozing. It was just done on a gentle basis.

The CHAIRMAN. They treated you nicer than they have some others.

Mr. ADLER. Well, I guess maybe they have.

The CHAIRMAN. I think that you know that, don't you?

Mr. ADLER. Yes, sir.

The CHAIRMAN. So you just as a matter of mutual arrangement, you thought this was the best way to handle it, and we will put some of them in, as few as we can, and settle with them, and satisfy them, and then go on and operate.

Mr. ADLER. Well, I wouldn't say exactly that, Mr. Senator. I wouldn't say that we put as few as we could. We put in what we had in the kitchen.

The CHAIRMAN. You put in the kitchen when they were demanding all of your employees?

Mr. ADLER. That is right.

The CHAIRMAN. Now, during this period of time, have they ever been concerned or carried on any negotiations with you or done anything, the union I am speaking of, and its officials, toward improving the working conditions of your employees, your hours of pay, and your rate of pay or anything?

Mr. ADLER. Not that I know of.

The CHAIRMAN. So, so far as any benefits flowing to the union members, those that you put in the union, all you know of is you think they get \$200 if they die, and they may get some kind of hospital benefits if they go to the hospital.

Mr. ADLER. Yes. But I would like to say, Senator, if I can, our employees are all very well satisfied. Of course, you hear this from everybody. I suppose it is an old story. But my average kitchen help, the average throughout the years of service, is 11 years. There are 3 at 22 years, 1 at 25 years, 1 at 24 years, and the total of the waitresses is 8 years. I am sure that even though Mr. Duffy brings those figures out, when I get back home everybody is going to think I am a Shylock and all that kind of stuff.

The CHAIRMAN. No; the real purpose of this is, in the first instance, to show that the union, professing to be concerned about the welfare of the workers that it represents, certainly is not very vigilant or diligent in looking after their interests when they simply get the money out of management and then go off and pay no more attention to them. When one joins a union, I don't mean they ought to start trouble every time and call a strike and make unreasonable or improper demands. I do think when you join a union, you join for the purpose of the collective benefit that comes to the members by reason of being in an organization that looks after their interests. I think this thing is another demonstration. You say you get along with them very well and you finally worked it out amicably, but it clearly demonstrates that a lot of these union organizers and union heads are in it for nothing except to get the money, primarily. They are making a racket out of it. I am not being critical. I can appreciate I am critical to this extent: I don't think any management has a right to put the members, the people who work for them, into a union without their knowledge and consent. I think it is wrong. I think it is a practice that prevails in some areas, and I think it should be strongly condemned. I think the practice of unions going out and coercing and intimidating people, trying to put them out of business, calling strikes to make management sign up the employees, is also reprehensible. It is those practices we are looking into, trying to find ways to remedy this and to bring the thing back into its proper perspective, where the individual worker has a right, where he has some say-so about whether he belongs to a union or not, and, if so, what union it is he wants to represent him.

We have cases where it has been thoroughly demonstrated before this committee, where people get into unions, some against their will or without their knowledge and consent. The union officials get corrupt. They are indifferent about the welfare of the worker. They find they can do nothing about it. They still have to go on paying dues if they work. It is those conditions that need remedy.

Mr. ADLER. In my particular case, not that I want to be an exception, but at the end of what you had to say at least I didn't take the money away from the people. I paid it myself.

The CHAIRMAN. No; you didn't.

But the practice, in my judgment, is an improper practice. They still ought to have a little liberty and freedom among the individuals in this country. When management and labor leaders conspire or enter into a collusive arrangement where it amounts simply to a payoff without very much concern for the welfare of the workers—and I am not saying you are not good to them, but there are many instances where this operates this way—it keeps the employees depressed and under a state of oppression. They are not free. They have a representative of the union supposed to be looking after them, and the union interest is to get a few dollars from the owners, the easiest way, and let the workers go on. All they want is the dues.

Mr. ADLER. Senator, may I ask Mr. Gotsch a question?

The CHAIRMAN. Yes; any information you want.

Mr. ADLER. In that total amount of moneys, have you got the waitresses figured in there?

Mr. GOTSCH. Yes, of course.

Mr. ADLER. They shouldn't be, should they?

Mr. GOTSCH. Your waitresses were being paid 60 cents an hour, 7 cents below union scale.

Mr. ADLER. But they never were in the union and they never agreed to be in the union.

Mr. GOTSCH. If they were paid union scale.

Mr. ADLER. I beg your pardon?

Mr. GOTSCH. If they were paid union scale.

The CHAIRMAN. This is if they were paid union scale. It is the difference between what you pay and what you would pay if a union looking after the interests and welfare of its members, if they were in the union, you would have to pay them, I assume, the established scale.

Senator Goldwater.

Senator GOLDWATER. Mr. Adler, have your employees ever asked for representation?

Mr. ADLER. No, sir.

Senator GOLDWATER. At any time, since this started in 1936?

Mr. ADLER. No, sir.

Senator GOLDWATER. Have they ever since come to you and asked that they be represented by a union?

Mr. ADLER. No, sir.

Senator GOLDWATER. You explained or told us about your low turnover, which I think is a rather good rate of turnover compared to the average restaurant. Do you account for this by virtue of any bonuses that you might pay? Do you pay, for example, a Christmas bonus?

Mr. ADLER. Yes, sir.

Senator GOLDWATER. Do you have any idea how much that might amount to?

Mr. ADLER. Yes, sir.

Senator GOLDWATER. How much?

Mr. ADLER. It amounted to \$2,700 last year.

Senator GOLDWATER. Among 70 employees?

Mr. ADLER. That is right, sir. And we give them in cash.

Senator GOLDWATER. Do you pay other bonuses?

Mr. ADLER. No, sir.

Senator GOLDWATER. Do you have any retirement plan?

Mr. ADLER. No, sir.

Senator GOLDWATER. Do you have any fund from which they can borrow when they need money?

Mr. ADLER. Well, I haven't got from which they borrow, but they certainly get it.

Senator GOLDWATER. Do you mean if they come to you——

Mr. ADLER. I am buying automobiles, radios, televisions, divorces, funerals, and all sorts of things.

My employees are into me about \$700 or \$800 all the time.

Senator GOLDWATER. As a total?

Mr. ADLER. The last one is an automobile I am buying for a boy. His payments are \$83 a month and he can't pay \$83 so I take out \$15 a week except for the first week, which amounts to \$45 a week, and I charge his account the balance. Then after the automobile gets paid and he gets the automobile, then he will go on until I get my money back. Some of them I take \$2 a week out. Some of them I put every school year, a lot of the women in the kitchen, the colored women in the kitchen, borrow \$100 or \$150 to get clothes and shoes for their children and I take it, \$1 a week or \$2 a week, whatever it takes. But they are always into me. And I am glad to do it. Don't anybody get the idea that I am not. I am glad to do it, because of no other reason than I think these type of people need help, and they are at the mercy of some of the darndest arrangements that you ever saw.

For instance, 2 years ago one of my employees came and she had a garnishment for \$176. So I said to her "Amie, what is it?" She said "Well, Mr. Adler," she says. "I went down to this jeweler's place and they had a diamond Cavalier watch, and he said I just ought to have that, and I thought I would, but I had not paid up my other payment yet, so I told them I didn't want to. Then he says 'Well, I tell you what you do. We are having a sales contest at Christmas time and we get a prize, the salesmen get a prize. You just sign this slip and then when Christmas is over the sales contest is over and you can bring it back and you will get credit for it and I have a prize.'"

Well, that goes on all the time with the colored people. They are always being taken. Some fellow slips up and sells one of them a diamond ring for \$150. He doesn't have to pay for it, but he gets a little ticket that he signs, and he is stuck and I am stuck. And if they should quit, I am stuck, I don't get the money back.

I have one fellow, he has been with me 25 years, but last year or 2 years ago he owed me \$950 on a radio he bought 7 or 8 years ago and it is busted and gone and broken down, but they caught up with him and he still had to pay them. It is an injustice, I think. But I am digressing from the restaurant business.

Senator GOLDWATER. That is all I had, Mr. Chairman.

The CHAIRMAN. I am sure there are many other operations of rackets and abuses that possibly do not come within the jurisdiction of this committee, and I think it is tragic when poor people like that are imposed on. Yet I don't know how you can pass a law that would prevent them from being suckers if they just want to be or will be. So we can't do very much about that.

All right. Thank you very much.

Call the next witness.

Mr. ADLER. Thank you, sir.

Mr. KENNEDY. Mr. George Hessberger.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HESSBERGER. I do.

TESTIMONY OF GEORGE HESSBERGER

The CHAIRMAN. State your name, your place of residence and your business or occupation.

Mr. HESSBERGER. George Hessberger, 4300 North Lincoln, Chicago, Ill., restaurateur.

The CHAIRMAN. You waive counsel, do you?

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Your family owns a restaurant in Chicago?

Mr. HESSBERGER. Yes.

Mr. KENNEDY. What is the name of that?

Mr. HESSBERGER. George Hessberger's Restaurant.

Mr. KENNEDY. Is there a Heidelberg Fass?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. Is that another name for it?

Mr. HESSBERGER. Yes, sir, we are gradually dropping that.

Mr. KENNEDY. You are dropping the name Heidelberg Fass and it is going to be known as George Hessberger's Restaurant?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. And the address is 4300 North Lincoln Avenue, Chicago.

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. How long have you been in the restaurant business?

Mr. HESSBERGER. My father has been there 40 years and I have been there 10 years.

Mr. KENNEDY. 10 years?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. You were in the service, were you?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. What branch?

Mr. HESSBERGER. Parachute Infantry, 82d Airborne.

Mr. KENNEDY. You were wounded, were you?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. After you got out of the service, you came back and within a short time went into the restaurant business to help your father and mother?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. Mr. Hessberger, were you approached in 1955 about having certain of your employees made members of the union?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. When was that? About December of 1955?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. I understand you are not feeling too well now, is that correct?

Mr. HESSBERGER. I feel fine now, thank you.

Mr. KENNEDY. Certain union representatives of local 593 came, is that right?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. Do you know who they were?

Mr. HESSBERGER. One of these gentlemen's name is Mr. Tempkins, I believe.

Mr. KENNEDY. T-e-m-p-k-i-n-s?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. And he was a business agent?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. For local 593, was it?

Mr. HESSBERGER. Yes, sir. There was one other gentleman with him. I don't know his name.

Mr. KENNEDY. What did they want from you at that time?

Mr. HESSBERGER. They approached my father and I that they had orders from someplace downtown, I believe was the term they used, to get two members from our restaurant into their union, and at that time we had asked them what part of the employees, and they said dishwashers, I am pretty sure. And they asked what we paid them and other benefits we may have. I told them.

Mr. KENNEDY. Would you speak up a little louder, please?

Mr. HESSBERGER. Yes, sir. I told them the pay we paid to the employees and also the other benefits which we may have had at that time. They said in view of that it would not do any good to talk to the employees, to attempt to get them to sign up in the union, and, therefore, they just wanted to have two members that we should more or less take out of a hat, and that they should belong to the union. At that time, I asked them what would happen if we did not put two persons into the union, and they said they would picket our place of business.

At that time I didn't think that was correct. We gave them the right to unionize the restaurant if they wanted to, and they should not picket our restaurant just because we don't want to put people in that are not being represented by the union. He still insisted we ought to have two members and in order to avoid a picket line around the restaurant we decided to join the union.

Mr. KENNEDY. Did you tell them at that time what you thought this was?

Mr. HESSBERGER. Yes, sir; I believe I told them I thought it was blackmail, or words like that. There was no coercion on their part. It was a nice friendly conversation, but they insisted that there be two employees. We finally ended up with my mother joining and I joined.

Mr. KENNEDY. How many employees did you have?

Mr. HESSBERGER. At that time I believe we had 22 employees.

Mr. KENNEDY. So you put in two of the owners, is that right, your mother and yourself.

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. And you felt that if you did not make this payment, make this arrangement, you would have a picket line there; is that right?

Mr. HESSBERGER. Yes, sir. We did not have a picket line after.

Mr. KENNEDY. Did you consider it blackmail and extortion?

Mr. HESSBERGER. I think after we thought it all over it didn't seem quite that, although I always resented it.

Mr. KENNEDY. How would you describe it at the present time, then, if it was not blackmail and if it was not extortion?

Mr. HESSBERGER. Well, after a number of months, it became a regular business expense, and we never paid until the man came to the restaurant to pick it up.

Mr. KENNEDY. You were told that you had to pay this money or else, were you not?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. Doesn't that amount to extortion?

Mr. HESSBERGER. Yes, sir.

Mr. KENNEDY. Isn't that what this was, in fact, extortion from you?

Mr. HESSBERGER. At that time; yes, sir.

Mr. KENNEDY. We have found, Mr. Chairman, we went in to look at the books and records and the salaries being paid to these employees.

As you point out, they are above union scale. There was not any benefit that could possibly be accrued to the employees by this arrangement, was there?

Mr. HESSBERGER. The employees were never given an opportunity to state one way or another, sir.

Mr. KENNEDY. And you and your mother did not get any benefit out of it; did you?

Mr. HESSBERGER. No, sir.

The CHAIRMAN. You did get this out of it, you avoided a picket line.

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. In other words, they used that as a club over you. "You either contribute to us" and that is what it amounted to "or we are going to put up a picket line here and hurt your business."

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. You regarded it at the time as blackmail or extortion.

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. As a result of this, have they ever undertaken to organize your help since then?

Mr. HESSBERGER. No, sir.

The CHAIRMAN. So you just bought labor peace with this small contribution? That is what it amounts to?

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. And notwithstanding the fact that you were treating your employees all right, they were happy, they were satisfied, you were paying them as much or more than the union could get for them, you still had to join? That is, management actually joined, the management of the business actually joined the union?

Mr. HESSBERGER. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Do you have anything to say?

Mr. HESSBERGER. No; except since the time that I have been served with a summons, we have dropped the union. We are no longer paying, and we have not had any trouble to date.

The CHAIRMAN. You have had no trouble to date?

Mr. HESSBERGER. No, sir.

Mr. KENNEDY. Mr. Hessberger has been very cooperative with the committee, as has his restaurant, Mr. Chairman.

The CHAIRMAN. Counsel has advised that you have been very co-operative and we appreciate it. We are trying to explore these things and find out what has been going on that should not be going on in these relationships, both in labor and in management.

It is very helpful to us when management or labor or anyone else cooperates with us. We are thankful to you for it.

Call the next witness.

Mr. KENNEDY. Mr. Ellis Segal.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. SEGAL. I do.

TESTIMONY OF ELLIS SEGAL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SEGAL. My name is Ellis Segal. I reside at 8110 Louella, Chicago, Ill. I am a restaurant owner.

The CHAIRMAN. Do you waive counsel, Mr. Segal?

Mr. SEGAL. Yes, sir, I do.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. You operate Segal's Restaurant; is that right?

Mr. SEGAL. Yes, sir.

Mr. KENNEDY. That is located at 8276 South Chicago Avenue, Chicago, Ill.

Mr. SEGAL. Yes, sir.

Mr. KENNEDY. You have approximately how many employees?

Mr. SEGAL. I have approximately 28.

Mr. KENNEDY. Were you approached sometime in 1949 by an official of local 394 to have your employees join the union?

Mr. SEGAL. That is right.

Mr. KENNEDY. Is that right?

Mr. SEGAL. That is right.

Mr. KENNEDY. Do you know who it was that approached you at that time?

Mr. SEGAL. Frank Trungell.

Mr. KENNEDY. Trungell?

Mr. SEGAL. Trungell.

Mr. KENNEDY. He is the business agent of local 394?

Mr. SEGAL. I think that is what he was at the time.

Mr. KENNEDY. And he is also secretary-treasurer of that local. You did not know that at the time?

Mr. SEGAL. I did not know.

Mr. KENNEDY. What did he say at that time?

Mr. SEGAL. He asked me to install some of my employees in the union.

Mr. KENNEDY. Had he approached your employees prior to that?

Mr. SEGAL. Not at all. Not that I know of, at least.

Mr. KENNEDY. Was there anything indicated that would happen if you did not?

Mr. SEGAL. Well, I was told that there would be a picket line put around my place of business.

Mr. KENNEDY. Did you install the employees?

Mr. SEGAL. Well, after several meetings I figured it best.

Mr. KENNEDY. I can't hear you very well.

Mr. SEGAL. After several meetings I figured it best that I do.

Mr. KENNEDY. How many employees did you give them?

Mr. SEGAL. Eight.

Mr. KENNEDY. You gave them the amount of money for the equivalent of eight employees?

Mr. SEGAL. Eight employees.

Mr. KENNEDY. And you took eight names and gave them to the local representative?

Mr. SEGAL. That is right.

Mr. KENNEDY. Did you tell the employees they were being placed in the union?

Mr. SEGAL. No, I did not.

Mr. KENNEDY. How much money did you pay?

Mr. SEGAL. I think it was \$24 a month.

Mr. KENNEDY. Have you ever told your employees that they are members of the union?

Mr. SEGAL. No, I have not.

Mr. KENNEDY. Who collects the money from you, Mr. Segal?

Mr. SEGAL. Now?

Mr. KENNEDY. Yes.

Mr. SEGAL. James O'Connor.

Mr. KENNEDY. He is president of local 394?

Mr. SEGAL. I think that is his title.

Mr. KENNEDY. He collects a \$96 check every 2 months?

Mr. SEGAL. Every 3 months.

Mr. KENNEDY. Do you deduct that as expenses?

Mr. SEGAL. As expenses; yes.

Mr. KENNEDY. You have no contract with the union?

Mr. SEGAL. No; I haven't.

Mr. KENNEDY. No health or welfare?

Mr. SEGAL. No; I have not.

Mr. KENNEDY. Have they ever discussed the wages, hours, and conditions of your employees?

Mr. SEGAL. Never.

Mr. KENNEDY. Does this benefit your employees at all, this arrangement?

Mr. SEGAL. I wouldn't say it does.

Mr. KENNEDY. Of the eight that you were paying on, how many are still in your employ?

Mr. SEGAL. I don't know. I don't know what the original list was.

Mr. KENNEDY. Mr. Gotsch, how many of the eight employees that he is paying dues on—

Mr. GOTSCH. None of the employees are there any more.

Mr. KENNEDY. Just every 3 months you pay \$96.

Mr. SEGAL. That is right.

Mr. KENNEDY. Actually, it amounts, once again, to a payoff; does it not?

Mr. SEGAL. That is what you can call it.

Mr. KENNEDY. That's what you would call it.

Mr. SEGAL. I guess so.

Mr. KENNEDY. Do you know what union scale is?

Mr. SEGAL. No, I don't.

Mr. KENNEDY. It has never been discussed with you?

Mr. SEGAL. Never been discussed with me.

Mr. KENNEDY. He has 29 employees. How many are below union scale?

Mr. GOTSCH. Twenty-three are paid below union scale.

Mr. KENNEDY. What is the saving, approximately?

Mr. GOTSCH. The saving is approximately \$11,000 annually.

The CHAIRMAN. Mr. Segal, what is the real purpose of making this payment?

Mr. SEGAL. Well, to avoid any sign of trouble that may happen or anything that may harass business.

The CHAIRMAN. In other words, you know they could put up a picketline and give you trouble.

Mr. SEGAL. That is right.

The CHAIRMAN. So you are just paying it as a shakedown so that you may have labor peace; is that it?

Mr. SEGAL. Well, by this investigation, it has been shown that way.

The CHAIRMAN. Do you know of any benefit at all that the union provides for your employees?

Mr. SEGAL. None at all.

The CHAIRMAN. These eight that you originally put in there are no longer with you. Why haven't you changed it to some others?

Mr. SEGAL. Well, it was never brought to my attention.

The CHAIRMAN. It wasn't necessary. This was just a kind of mutual arrangement so the union would get something, the union officers would get something, and you would avoid something?

Mr. SEGAL. That is right.

The CHAIRMAN. Is there anything further?

Senator GOLDWATER. Mr. Segal, have any groups of your people ever wanted to join a union?

Mr. SEGAL. Never.

Senator GOLDWATER. Have you ever discussed this with them?

Mr. SEGAL. No, I haven't. They have always been very satisfied.

Senator GOLDWATER. Do you know why they would not be interested in joining a union?

Mr. SEGAL. I don't know of anything they would benefit by it. There has never been an agreement.

Senator GOLDWATER. What is the rate of turnover in your business, from the employee standpoint?

Mr. SEGAL. It is a tremendous turnover.

Senator GOLDWATER. Say in the kitchen, what is the average length of service of your cook?

Mr. SEGAL. Well, I haven't got that type of an operation. I have more of a drive-in style, and in the delicatessen line. Mine is just a shade different than the average restaurant. Mine are more so-called as a grillman or counterman, and the turnover the greater. They are known as floaters.

Senator GOLDWATER. That is all I have.

The CHAIRMAN. Is there anything else?

If not, we thank you very much.

The committee will stand in recess until 2:30 o'clock.

(Whereupon, at 12:50 p. m., the committee recessed, to reconvene at 2:30 p. m. of the same day.)

AFTERNOON SESSION

(At the reconvening of the session, the following members were present: Senators McClellan and Goldwater.)

The CHAIRMAN. The hearing will come to order. Call the next witness.

Mr. KENNEDY. Mr. Tony DeSantis.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DeSANTIS. I do.

TESTIMONY OF ANTHONY DeSANTIS

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DeSANTIS. My name is Anthony DeSantis. My place of business is the Martinique Restaurant, 2500 West 94th Place, Evergreen Park, Ill.

The CHAIRMAN. You waive counsel, do you, Mr. DeSantis?

Mr. DeSANTIS. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. DeSantis, your restaurant employs about what, 145 people?

Mr. DeSANTIS. Yes, sir; approximately.

Mr. KENNEDY. It is one of the biggest restaurants in Chicago, is it?

Mr. DeSANTIS. It is out of Chicago. It now is one of the biggest; yes, sir.

Mr. KENNEDY. It is one of the biggest?

Mr. DeSANTIS. Yes, sir.

The CHAIRMAN. Do you want to say it is one of the best, too, and get in a plug?

Mr. DeSANTIS. I certainly will.

Mr. KENNEDY. Do you have a theater there also?

Mr. DeSANTIS. Yes, sir; I operate the Drury Lane Summer Theater, in conjunction with my restaurant.

Mr. KENNEDY. And you also have some of the biggest bands in the country in the restaurant?

Mr. DeSANTIS. I play all name bands; yes, sir.

Mr. KENNEDY. I thought you would like to get that into the record.

Mr. DeSANTIS. Some of the bands, sir?

Mr. KENNEDY. No; just the fact that you have them.

Mr. DeSANTIS. I see.

Mr. KENNEDY. Mr. DeSantis, you have 145 employees. How many of them are members of the union?

Mr. DeSANTIS. None are members of the union, other than the bands and the bartenders; yes, sir.

Mr. KENNEDY. Were you ever approached about having your employees made members?

Mr. DeSANTIS. I have been approached.

Mr. KENNEDY. And by whom were you approached?

Mr. DeSANTIS. I was approached by Mr. Trungale.

Mr. KENNEDY. Of local 394?

Mr. DeSANTIS. Yes, sir.

Mr. KENNEDY. And he wanted to organize your restaurant?

Mr. DeSANTIS. That is correct.

Mr. KENNEDY. How long ago did he make the approach to you?

Mr. DeSANTIS. Maybe 8 or 9 years ago.

Mr. KENNEDY. And what arrangements did you make at that time?

Mr. DeSANTIS. I didn't make any arrangements. I told him that it was his prerogative to go and organize the waitresses as he saw fit, and I told him that I was in debt up to my neck. I did not think that I could pay anything, and if he felt that the waitresses should belong into the union, then he should go right ahead and organize them and put them in.

My first 3 or 4 years in business represented a \$35,000 loss, and I was left alone, pretty well, through my early years in business.

Mr. KENNEDY. But did he organize the waitresses?

Mr. DeSANTIS. No, sir.

Mr. KENNEDY. Did he organize anyone in the restaurant?

Mr. DeSANTIS. No, sir.

Mr. KENNEDY. That was the end of it, then?

Mr. DeSANTIS. That is right.

Mr. KENNEDY. Nothing happened?

Mr. DeSANTIS. No, sir; other than I would say in the period of the last 6, between the last 6 and 8 years when he approached me I have given him \$100 on different occasions. It might be 6 or 8 times.

Mr. KENNEDY. You have given him \$100 or about \$100 about twice a year; is that it?

Mr. DeSANTIS. No; not that many times.

Mr. KENNEDY. Approximately twice a year?

Mr. DeSANTIS. No; I would say about 9 months, or close to a year, and I would always tell him that it was his prerogative to go in there and organize the waitresses as he saw fit.

Mr. KENNEDY. And you gave him that money in cash; did you?

Mr. DeSANTIS. Yes, sir.

Mr. KENNEDY. And he would just take the money and leave then, would he?

Mr. DeSANTIS. That is right.

Mr. KENNEDY. When was the last time you paid him off like this?

Mr. DeSANTIS. Eight or nine months ago.

Mr. KENNEDY. Is he the only union official that you gave any money to?

Mr. DeSANTIS. That is correct, sir.

Mr. KENNEDY. Did you make any other gifts to him?

Mr. DeSANTIS. A case of Scotch at Christmas time, and that is it.

Mr. KENNEDY. What about O'Connor?

Mr. DeSANTIS. O'Connor? This past Christmas was the first time I ever gave him any money. I gave him a check for \$30, and the reason I gave him the check for \$30 was sooner than give him some liquor or it looks like that he could use the cash. I figured in my own commonsense the best thing for me to do was to give him a little cash. Right in with that check that I gave Mr. O'Connor, I also gave \$6,250 to all of my employees, and a few other people in there that have been nice to me and I have given them gifts like that.

Mr. KENNEDY. Did you make any other gifts to O'Connor?

Mr. DeSANTIS. No, sir. Possibly the year before I might have gave him 3 or 4 bottles of liquor, as far as I can recall.

Mr. KENNEDY. Other than Trungale and O'Connor?

Mr. DeSANTIS. No, sir.

Mr. KENNEDY. Why did you make these payments to Trungale?

Mr. DeSANTIS. Well, I tried to keep peace within my own restaurant.

Mr. KENNEDY. Did he work for your restaurant?

Mr. DeSANTIS. No, sir. No, sir.

Mr. KENNEDY. Well, it was in order so that he would not attempt to organize?

Mr. DeSANTIS. So that he would not attempt to possibly put a picket line or attempt to come in and say, "Well, you got to do this." I just did not want to take any—

Mr. KENNEDY. Did he ever say to you unless you would pay—

Mr. DeSANTIS. I have heard of it, yes, sir.

Mr. KENNEDY. Did he ever say "Unless you pay me, I will put a picket line up" or did you just understand that you should pay him and you might have a picket line if you did not?

Mr. DeSANTIS. No; he would say that I would have a picket line if I felt that I could not get within the realms of his organization. I have told him at least 10 times in the last 10 years that any time he sees fit to go in and organize my waitresses he was more than welcome to.

Mr. KENNEDY. You made the payment in order to keep him away from the restaurant?

Mr. DeSANTIS. The money I gave him, I would say yes.

Mr. KENNEDY. Mr. DeSantis, you know that a number of the restaurants, particularly in the North Side of Chicago, have to make pay-offs for protection, do you not?

Mr. DeSANTIS. I have heard of it, sir, from this hearing.

Mr. KENNEDY. No, I am not talking just about payments to any union officials. I am talking about payments to certain of the underworld in Chicago. You know that that goes on, do you not?

Mr. DeSANTIS. I have heard that.

Mr. KENNEDY. And you have heard that from other restaurant owners?

Mr. DeSANTIS. No, sir.

Mr. KENNEDY. You have experienced it yourself, have you not, Mr. DeSantis?

Mr. DeSANTIS. No, sir, never in the history of my business have I ever been approached by anyone that has said "You have to give me so much money so that you can do this and that."

Mr. KENNEDY. No, but hasn't it been understood that amongst certain of the restaurants in Chicago, including yourself, that there is a protective society that exists there, that certain kinds of payments will have to be made?

Mr. DeSANTIS. I have heard that. That is the restaurant association.

Mr. KENNEDY. No, not just the restaurant association. I am talking about payments to underworld figures in order to prevent your place being stinkbombed, or set on fire, and that kind of operation?

Mr. DeSANTIS. That possibly is very true of a lot of business. But in the case of my business, for the type of operation that I have, and the type of clientele that I cater to, I have never been approached. The reason for that is very, very simple. I don't have a 26 game in my restaurant. I don't have a jukebox in my restaurant. I don't have a cigarette girl in my restaurant. I don't have a girl that is trying to sell you a doll. I have one of the cleanest establishments in the entire country, let alone Chicago. And as long as I am that clean, I believe they lay off of me.

That is my honest opinion.

Mr. KENNEDY. You have heard it from other restaurant owners that they have to make payments?

Mr. DeSANTIS. No, sir.

Mr. KENNEDY. Where have you heard it, then?

Mr. DeSANTIS. I haven't heard that, Mr. Kennedy, and I might have heard it hearsay. That I don't remember.

Mr. KENNEDY. What was your answer when I asked you or discussed this with you yesterday, Mr. DeSantis?

Mr. DeSANTIS. That I sensed that there was a payoff?

Mr. KENNEDY. No. What was your answer to me, do you remember?

Mr. DeSANTIS. Gentlemen, I don't remember.

Mr. KENNEDY. When we discussed whether certain restaurant owners have to make liquor purchases from certain people?

Mr. DeSANTIS. I said that I bought a minimum of liquor from anybody that I thought had an affiliation.

Mr. KENNEDY. Didn't you say that you did buy some liquor from a gangster operation?

Mr. DeSANTIS. No; I would not—oh, no, I would never say that. We have one liquor house in Chicago that I have heard that had had affiliations, and I buy less than 3—I would say I buy less than 3 percent of my liquor from this one said company. If I felt if they were giving me pressure as the Chair seems to think on this thing, then you would look in my purchases and you would find liquor purchases from people that have affiliations, you would find meat purchases from people—

Mr. KENNEDY. Why do you purchase even that 3 percent from that one liquor company?

Mr. DeSANTIS. Well, it is very, very simple. Some of those liquor companies are exclusive on one line alone, and to keep a variation on my bar and in my restaurant, I may be forced to buy a small percent. That is No. 1.

The No. 2 reason that I buy off of that company at all is there is a little salesman that calls on me that was born and raised in my neighborhood, and I always feel that I would like to help him a little. I have told him right to his face that the reason I don't do more business with his company is the fact that I have heard that there were affiliations with this company and as a result I kept my purchases from his company at the minimum.

I will never buy from that company again.

Mr. KENNEDY. Mr. DeSantis, what about when we had the talk about a payment to some of these gangsters and hoodlums and I asked

you about some of these restaurants that had been stinkbombed, and some of the ones that had been set on fire. Do you remember what your answer to me about that was?

Mr. DeSANTIS. Well, I have been confused, and I am not a lime-light guy. I am a fellow that works in a T-shirt all day, but if you will tell me what I said, I will verify it if I said it.

Mr. KENNEDY. Do you remember about the fact that "You and I could sit down here for hours and hours and I would tell you the answers to these questions if I didn't have a family and didn't live at my restaurant?"

Mr. DeSANTIS. Yes; I remember saying that to you, Mr. Kennedy.

Mr. KENNEDY. Isn't that the reason that this has not been broken up in the past, because there are people such as yourself that have information, that are scared to go to the police and go to the Government officials?

Isn't that the great problem?

Mr. DeSANTIS. That seems the great problem.

Mr. KENNEDY. I don't want to make you the scapegoat on it, but we have established through other restaurant owners that they have to make payments to this protective organization that operates in Chicago. It is not just unions, but the gangsters and hoodlums that operate this and say that, "Unless you do, you are going to get a stinkbomb in your restaurant or it is going to be set on fire."

You know that that has been going on for many years, do you not, Mr. DeSantis?

Mr. DeSANTIS. That is probably right.

Mr. KENNEDY. Of course, if people such as yourself would just come in and help, and give this information, then this thing could be broken up.

Mr. DeSANTIS. There, again, Mr. Kennedy, you must sense that the type of operation I have I don't invite that type of environment, and I am not bothered by those types of people, as of now. There is one more thing about all this. Anything that I might hear is hearsay, and I feel that all these things that I hear might be true and might be not true. I know you people have a major problem in correcting this whole situation in Chicago. But you have got to let us little people who have to live in that area, let us go home in peace and pass some good laws here that will give us the protection. You will see that every restaurant owner in that area, in the whole country, will fall in line.

The CHAIRMAN. Do you feel like you don't get protection from your local law and local officials?

Mr. DeSANTIS. No, sir; I could very—

The CHAIRMAN. You say we need to pass some good laws.

Mr. DeSANTIS. Yes, sir.

The CHAIRMAN. All right. Maybe we do. But what about your local situation, your local authorities?

Mr. DeSANTIS. Well, I am in a little village called Evergreen Park. We only have 19 policemen on the entire police force. In my opinion, it is the best police force in the country. They have been very good. No one ever in the history of my being in business in that town has ever approached me from the police force.

The CHAIRMAN. Do you feel that you need your Federal Government to pass laws to protect you, then?

Mr. DESANTIS. In the case in the trouble we are having now, I do.

The CHAIRMAN. What trouble? What are you referring to, the trouble you are having now?

Mr. DESANTIS. The trouble is you are stating, this committee is stating, that a lot of these waitresses are underpaid, that we are subject to payoffs, et cetera, et cetera.

The CHAIRMAN. In other words, extortion, coercion, the imposition on you.

Mr. DESANTIS. That is correct.

The CHAIRMAN. And you actually paid this fellow Trungale because you wanted to keep peace, didn't you?

Mr. DESANTIS. That is correct, Senator.

The CHAIRMAN. This fellow O'Connor, you gave him a little hand-out, too.

Mr. DESANTIS. \$30.

The CHAIRMAN. Yes. Did you know him that well, did you love him that much, was he that kind of a friend?

Mr. DESANTIS. No, but I felt that Mr. O'Connor, being a union agent, could have possibly been real rough to me, and he was pretty nice. Come Christmas, I said, "All rightie, young man, here is a check for you." I put it right in my books.

The CHAIRMAN. Now let me ask you: The \$100 that you paid to this Trungale, did that ever go into the union treasury?

Mr. DESANTIS. Gee, I don't know. I don't belong to the union.

The CHAIRMAN. You seriously doubt it, don't you?

Mr. DESANTIS. I do.

The CHAIRMAN. So it is just a form of a shakedown. They come around and say, "We can give you a picket line. What do you want to do about it? Do you want to take care of me?"

Mr. DESANTIS. I think that is right.

The CHAIRMAN. It is just about that?

Mr. DESANTIS. Yes, sir.

Senator GOLDWATER. How long have you been in business?

Mr. DESANTIS. Ten years.

Senator GOLDWATER. How old are you?

Mr. DESANTIS. Forty-four.

Senator GOLDWATER. How long do you expect to be in business?

Mr. DESANTIS. As long as God is willing to let me stay in business and maintain my good health.

Senator GOLDWATER. As long as you can afford the payoffs?

Mr. DESANTIS. Well, I have not been hit too hard from what I have been hearing through this committee.

Senator GOLDWATER. Do you think you are pretty lucky, then?

Mr. DESANTIS. I do, and I think I should be very thankful, because it was only 12 years ago, 12 or 15 years ago, that I worked in a factory and made 85 cents an hour.

Senator GOLDWATER. Do you know some of these hoodlums that shake you down have never worked in their lives?

Mr. DESANTIS. I sense that.

Senator GOLDWATER. They live like big fat leeches that live off of people like you that wouldn't talk. What do you think we in the rest of the country think of your great city?

All I have heard about Chicago in the headlines is starting with Al Capone and coming on down with the hoodlums of America, the "Who's Who" in gangsterism, living in Chicago. Why can they live there? They don't live in that kind of attention-getting lime-light in the rest of this country, with the exception of a few cities. Don't you think that if some of you people in Chicago in business were willing to say "It might cost me a little bit, I might even get hurt physically, I might lose my business, but it might be worth it to clean up the second biggest city in the United States," and to clean it up not only for yourself but for your children and for the rest of the people of this country; don't you think you have some responsibility there?

Mr. DeSANTIS. I certainly do, Senator Goldwater, but I feel as small as I am, that the big decisions have to come here from Washington. Get in there and pass some good, honest-to-goodness laws, with teeth in them. I have heard you speak up there before, where you said, "Let's get some teeth into these laws and let's make this thing run right."

I believe you are right, but there's nothing a little guy like myself can do.

Senator Goldwater. Yes, there is. We are not going to put teeth in laws until people like yourself are willing to come to Washington, or willing to go to Springfield, or willing to go before your council in Chicago, and say, "Look, here is what is happening to me. Here is why we need laws."

We have known about these hoodlums and gangsters in Washington, I guess, since Al Capone first beat somebody over the head with a baseball bat, or since the St. Valentine's Day massacre, I don't know how many years ago.

What have we done about it? We have not done much about it because most people wouldn't cooperate with law-enforcement agencies. We can hold these hearings until all hell freezes over, and I suggest we would not be able to pass laws until some people tell us what it is about. You are giving Mr. Truogale a case of Scotch for Christmas or a hundred dollars or Mr. O'Connor \$30. That is not the kind of thing we are interested in and you know it. We are interested in the racketeers who will not go out and work for themselves; who, ever since the repeal of prohibition have been allowed to live off of the other people, like leeches. They can live off of the people as small as you. Your Government can't stop it unless you are willing to help the Government stop it. That goes from the Chicago level to where you are sitting now. I am serious about it. You have heard me speak about putting teeth in laws. We had an opportunity recently to put teeth in a law. We came out with a pretty soft gummed effect. It will not help the workingman. If you are not willing to talk, I don't think you can expect us to do more than listen to the troubles you want to talk about.

Mr. DeSANTIS. Yes, sir.

Mr. Kennedy. The reason you won't talk is because you are scared, is that right?

Mr. DeSANTIS. I wouldn't say that. Actually I am scared. I feel that every man—and don't misunderstand me, I am not saying that I don't want to talk, or that I know anything that I should be telling

you. That isn't the story. I haven't been approached by anyone to say "you buy this," or "you do this," but I feel in my case I don't have that problem.

But where you have these other spots that have that problem, my answer to that one might be that a lot of these people feel that there will be reprisals.

MR. KENNEDY. I am talking about you, and you have some information, some facts on these things, and the reason that you won't give them to the committee is that you are frightened; isn't that right?

MR. DESANTIS. I don't have any.

MR. KENNEDY. Now, again we go back to the conversation that you confirmed—and I asked you about these matters because we had it from other sources—about these payments, as Senator Goldwater stated, to gangsters and hoodlums beyond the payments to some union officials that you have spoken about today.

There are payments by the owners of these restaurants to gangsters and hoodlums, and if they continue to make the payments these restaurants are either stink-bombed or set on fire. That has been going on for a number of years in Chicago; isn't that right?

MR. DESANTIS. That is correct.

MR. KENNEDY. I asked you about that, and you said, "Well, I would give you the information, and we could talk for hours here, but I live in the restaurant, and my children live there."

MR. DESANTIS. And I also stand a chance that something would happen to my family.

MR. KENNEDY. That was the reason, and the reason you won't give the information is that you are frightened?

MR. DESANTIS. I don't have any information, and I haven't been approached that way. The only information I have in that regard is what I have heard right from this committee, all last week on TV. I have that fright, and that is right. I haven't slept for months due to some of the things that have happened in our area, but you have got to remember one thing. All of us are in that same boat.

We need help, but I don't know where to put my finger and say, "this man did this, or did that," but when I pick up the paper and I read this spot has been put on fire or bombed.

MR. KENNEDY. Has any place next to you been bombed or put on fire?

MR. DESANTIS. Richard, I believe.

MR. KENNEDY. How far is that from you?

MR. DESANTIS. Two blocks away.

MR. KENNEDY. What happened?

MR. DESANTIS. All I remember is that I understand they had a bomb thrown in the place, and there wasn't much damage, \$4,000 or \$5,000.

MR. KENNEDY. How long ago was that?

MR. DESANTIS. I honestly don't remember, and I think it is in the neighborhood of 6 to 10 years.

MR. KENNEDY. Don't you know that this is still going on, Mr. DeSantis, and that these restaurant owners have to pay so much money each month to these gangsters?

MR. DESANTIS. I have heard that last week.

MR. KENNEDY. Not only last week, and you knew it before that, Mr. DeSantis.

MR. DESANTIS. Well, you might think so, Mr. Kennedy, but if you will ask any one of your committee members the way I live, and what I do, you would have that answer in a minute. I only say there, and I never wear a suit but maybe once a month, and I don't mix with the customers, and I stay in my own business and work 13 or 18 hours a day, in a white shirt, and your committee has been in at 10 o'clock at night and in the morning, and the only time they came in they found me working. I have a philosophy "you stay at home and work hard and mind your own business," and you will get by.

MR. KENNEDY. You were staying at home minding your own business and you were paying Mr. Trungale \$100 every 8 or 9 months, and it is not a question of just staying at home. These people can come to your home. It wasn't a question yesterday of not having any information, the question was "I could talk to you for hours, but I am afraid for my family, we live in the restaurant."

I sympathize with you, and I say that we have restaurant owners that come and give us this on a confidential basis, and none of you will talk, and it makes an impossible situation for the law-enforcement officials. They can't do anything unless some of you give some information on them. It can't be their fault, if no restaurant owner in Chicago will cooperate one single bit with them.

MR. DESANTIS. I am doing the best I can within the power of my heart and conscience.

THE CHAIRMAN. Do you have some information that you would be willing to give us in an executive session?

MR. DESANTIS. No, Senator. I don't have. All I could possibly ever say is I have heard this, or hearsay things. You have got to remember that I am not in that area of Chicago. I don't belong to the restaurant association.

THE CHAIRMAN. But you are sufficiently convinced that you have an apprehension about it, from what you have heard?

MR. DESANTIS. Sir?

THE CHAIRMAN. From what you have heard, you say all you can say is what you have heard. I say out of what you have heard, by reason of what you have heard, you have a serious apprehension about what might happen to you?

MR. DESANTIS. That is correct.

THE CHAIRMAN. And I guess all of you live under that state of fear and anxiety.

MR. DESANTIS. I believe every restaurant owner in the city of Chicago feels the same way.

THE CHAIRMAN. That is what I am saying.

MR. DESANTIS. You are right, Senator.

THE CHAIRMAN. It is a state of atmosphere or a climate of fear that is generated out of these gangsters and the shakedown artists and so forth; isn't that true?

MR. DESANTIS. I think so.

THE CHAIRMAN. And you have plenty of evidence that they will, and they have in the past resorted to violence to enforce their will?

MR. DESANTIS. From what I have read.

THE CHAIRMAN. You have seen some evidence of it too, haven't you, as well as what you have read?

Mr. DeSANTIS. No, I don't think so.

The CHAIRMAN. You saw the restaurant 2 blocks away from you?

Mr. DeSANTIS. No. I am 2 blocks away from it now, and I was at another location when that thing happened. I was about a mile away, and now I am exactly 2 blocks away, and I have a new restaurant now.

The CHAIRMAN. Whether you have seen it or whether you have heard it, you have information that causes you to be very apprehensive.

Mr. DeSANTIS. That is correct, Senator.

The CHAIRMAN. It has been convincing to that extent?

Mr. DeSANTIS. Yes, sir.

The CHAIRMAN. All right, is there anything further?

Mr. KENNEDY. We are going into your wage scales, and I think that you have a statement that you wanted to make on the salaries?

Mr. DeSANTIS. I don't have a statement that I want to make. It so happens that all I have been hearing on this network in Chicago is that all of the waitresses are underpaid. So when I received my call Saturday morning to be here, I figured the only thing for me to do was to supply all of the information that I can, so that I might have a sensible answer to this committee as to why there are so many diversions of what a waitress should be paid in the city of Chicago.

No. 1, the conventional type throughout the country is 10 percent. The type that is being given today according to Emily Post in her latest book is 15 percent.

The CHAIRMAN. How much is that?

Mr. DeSANTIS. Fifteen percent. So I went ahead and just before I left on Sunday morning, I gathered the guest checks of Saturday night, of all of the customers that have a credit card or diners'. Those put the tip right on the guest check. I pulled all of those checks out, and I brought them here to Washington.

I find that, if you will wait until I get this turned around, of the 24 checks that the customer put the tip right on the guest check, I find that the average tip on these checks is 18 percent.

Senator GOLDWATER. What was the total of the tips?

Mr. DeSANTIS. The total in amount of money?

Senator GOLDWATER. Yes.

Mr. DeSANTIS. I didn't take that. I have it right here, though, and I can read them off to you.

Senator GOLDWATER. Would you read off just a few.

The CHAIRMAN. Just a few and you don't have to identify your customer, and just take the check and indicate the amount of the bill, and what the tip was.

Mr. DeSANTIS. Here is a check for \$23.45, and the tip was \$4, and it represents a 17-percent tip.

Mr. KENNEDY. That must have been an expensive dinner?

Mr. DeSANTIS. Here is one for \$76.50 and the tip was \$15. Here is a check for \$15 and the tip was \$5. That represents a 32-percent tip.

Senator GOLDWATER. Mr. DeSantis, could you tell us, did one girl enjoy more than one of those tips that evening?

Mr. DeSANTIS. Oh, surely.

Senator GOLDWATER. Just pick out by girl number, and do you have your waitress numbers on there?

Mr. DeSANTIS. I have waitress number on here.

Senator GOLDWATER. Shuffle through, and take a number, the first number you con through, and see how many that girl waited on.

Mr. DeSANTIS. That is very interesting.

Here is 31, and that is waitress 31. One check was \$15 and she received \$2.50, and here is a good one, another check was \$33.15, and she received a \$10 tip. Now let me see if that same waitress—here is another check for that same waitress, and here is a check for \$14.20, and she received a \$10 tip.

That one particular waitress as I add it up, right there has made \$22.50 plus her salary of 42.5 cents an hour for the amount of hours she worked that night.

Senator GOLDWATER. There are tips in cash, too; is that right?

Mr. DeSANTIS. This is on their guest check.

Senator GOLDWATER. There are some that don't use that service?

Mr. DeSANTIS. Naturally, a lot of customers just pay their tab and then they give a tip. In the case of my restaurant, where I haven't raised the price more than 5 percent in the last 10 years, and I sell a complete 7-course chicken dinner, with these named bands for only \$2.25, you will find that every customer that comes in there feels that he hasn't been taken, and so as a result he leaves a good tip. It is the truth.

The CHAIRMAN. If that is a fair sample, a waitress might well pay you for the privilege of working for you?

Mr. DeSANTIS. Oh, no. But I do have, as I have heard this committee all last week, I resolved myself to one problem. We are all talking about this "sweetheart" contract business and what should we do to solve it and how can it be solved, and how can we take all of these different type of restaurants in the United States and put them all in the same scale and say, "Here, you get 67 cents an hour."

It is impossible to do that. A waitress that may work in the Mayflower may make \$22 a night in tips, like my waitress made, and the girl that might work in one of the cafeterias down here might only make \$2 in tips. So it would be my suggestion that in the cases of the waitresses, there should be a roving scale and every restaurant should be put into a classification.

My bottom scale would be as low as 20 cents an hour for benefits and improvements or health and welfare, and as high as not 67 cents an hour but \$1 an hour where they don't give a waitress a chance to make a living wage.

If a girl waits on a millionaire, or she waits on a poor person, she is entitled to a living wage. It shouldn't be that one girl should get \$22.50, and another girl should only get \$6. Then we are really doing something for the waitresses of this country. But you can't do it by just putting in 67 cents as a scale, and applying it to every waitress. It won't work.

Senator GOLDWATER. What would you think of taking the practice some restaurants use, of adding a gratuity to your total?

Mr. DeSANTIS. That would be very improper. Tipping, every once in a while you get a stiffer, that is a person that doesn't leave anything, and when you are trying to build your business, you don't put no tips on anything, and if the service is bad, then the waitress should suffer,

and she should get nothing, but if she does well, and takes care of her job, she is entitled to every penny she gets.

The backbone of our whole business is still the waitresses, and they are our immediate contact with the customer. We are all for it.

Senator GOLDWATER. Have you ever totaled up for a month's period what your average girl might get on this type of check, where the tip is indicated?

Mr. DeSANTIS. Senator Goldwater, I never went into that, and I wouldn't attempt to because they would never tell me the truth. It would be just like trying to tell my wife how to bake.

Senator GOLDWATER. Where the tips are indicated like on a diner card?

Mr. DeSANTIS. I never do that, and the only thing I do is when I see good tips, I feel that my customers are happy and I am very thankful that a girl that has a problem is able to receive all of that money.

Senator GOLDWATER. Now, you have to give each girl a check for the amount indicated on this at the end of the month?

Mr. DeSANTIS. Oh, no; she turns it in to the food checker, and if the man leaves a \$10 tip, then the cashier gives her \$10, and in turn we keep the check and at the end of the month we bill the customer. We bill the customer at the end of the month, and we discount every bill 10 percent to everyone of our credit-card customers, and the basis of my whole success in this business has been instead of raising prices, I try to cut them.

Senator GOLDWATER. What is your address?

Mr. DeSANTIS. 2300 West 94th Place.

The CHAIRMAN. Is there anything else?

Mr. KENNEDY. As long as we have discussed it, I will have Mr. Gotsch put in the record how much more you would have had to pay if your employees had been organized and the union had enforced the union scale for your employees.

Mr. Gotsch. They have 112 persons employed at the restaurant and of these 112 persons, 2 bartenders are union and the rest 110 persons are nonunion. He has an annual saving from the 88 employees who are paid below union scale, of \$33,100 per year.

The CHAIRMAN. Is that what it would amount to if they were in the union, and the union enforced its minimum-wage scale?

Mr. Gotsch. That is correct.

Mr. KENNEDY. Now possibly your explanation as to how it should be done is correct. However, in some of these restaurants the union scale is being enforced, and, of course, that gives a restaurant where the owner is making a payoff to keep the union officials away a great competitive advantage over the restaurant where the union scale is being enforced. You recognize that, I suspect?

Mr. DeSANTIS. Yes, Mr. Kennedy.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any further questions?

Thank you, sir, and we appreciate your cooperation.

Mr. DeSANTIS. I thank you.

The CHAIRMAN. I don't think that you have hurt your business by testifying here.

Mr. DeSANTIS. I don't think so either.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Merlin Griffith.

The CHAIRMAN. You solemnly swear that the evidence, given before this Senate select committee, shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GRIFFITH. I do.

TESTIMONY OF MERLIN GRIFFITH

The CHAIRMAN. State your name, and your place of residence and your business or occupation.

Mr. GRIFFITH. My name is Merlin W. Griffith, and my residence is 8315 South Colfax Avenue, and I am presently unemployed.

The CHAIRMAN. Do you waive counsel?

Mr. GRIFFITH. Yes, sir; I do.

The CHAIRMAN. What is your former occupation?

Mr. GRIFFITH. I have been in the labor field for 15 years.

The CHAIRMAN. As a labor organizer?

Mr. GRIFFITH. Yes, sir; an officer of labor organizations.

The CHAIRMAN. An officer of labor organizations?

Mr. GRIFFITH. Yes, sir.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Griffith, you came to work for the joint economic board of the Restaurant Worker's Union in Chicago?

Mr. GRIFFITH. Yes; in either August or September of 1955.

Mr. KENNEDY. You worked there for how long?

Mr. GRIFFITH. Until approximately a month before the strike ended, which would be around the latter part of September of 1957.

Mr. KENNEDY. So approximately 2 years; is that right?

Mr. GRIFFITH. Yes, sir.

Mr. KENNEDY. You were paid a salary?

Mr. GRIFFITH. Yes, sir.

Mr. KENNEDY. What was your salary?

Mr. GRIFFITH. My salary was \$90 per week, plus a \$15-a-week expense account.

Mr. KENNEDY. Amounting to what?

Mr. GRIFFITH. I have a correction. It is \$90 a week plus \$25 a week, making \$115 a week.

Mr. KENNEDY. I would like to go through some of the matters on which you worked. You came as an organizer for the joint executive board, and were you ultimately assigned subsequently to work on the Nantucket strike?

Mr. GRIFFITH. Yes, and after I was with the board for some 2 months, I would say, or maybe a week or two longer, then I was sent to the Nantucket picket line on the morning that the strike started.

Mr. KENNEDY. What work did you do there?

Mr. GRIFFITH. I was a supervisor—I was a business agent to see that the pickets walked properly, and the line was run properly, and I wasn't entirely in charge. That was Mr. O'Connor, and Mr. Guncerson and there were several others. Mr. Trungale was there from time to time.

Mr. KENNEDY. Did you have any arrangement for paying the pickets, Mr. Griffith?

Mr. GRIFFITH. Yes. The pickets had to be paid. They walked 12 hours a day.

Mr. KENNEDY. How much did you pay them?

Mr. GRIFFITH. \$1 an hour.

Mr. KENNEDY. So you paid them about \$12 a day?

Mr. GRIFFITH. They walked half an hour and rested a half hour.

Mr. KENNEDY. So they would get for the day's work about \$12?

Mr. GRIFFITH. \$12 plus \$1.50 for food.

Mr. KENNEDY. That is \$13.50 a day for the pickets?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. How many pickets did you have?

Mr. GRIFFITH. Well, the pickets varied. At the start of the strike the pickets were mixed up on when the strike was starting and so we had just a few pickets to start with. As it went on for the next 2 months, we had pickets covering every gate, and the back alley, then they had to be interchanged because of the fact that they only walked a half hour and it was cold weather and they rested a half hour.

(At this point, the following members were present: Senators McClellan, Ervin, and Goldwater.)

Mr. KENNEDY. Well, you had a greater number of pickets at the beginning of the strike, generally, than you did as it moved along; is that right?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. You were in charge of the pickets?

Mr. GRIFFITH. I say when I was there, and O'Connor was not around there, I was mostly in charge, except my days off and the time that I was not on the line.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. Did you have anything to do with paying the pickets?

Mr. GRIFFITH. Yes, I paid the pickets.

Mr. KENNEDY. How would you make those arrangements for paying them \$13.50? Would you submit their names, or submit the number of pickets to some of the union officials?

Mr. GRIFFITH. Well, at the start there was no arrangement made. Right off the start they were paid and no record kept.

Then later the money was going too fast, so they wanted a daily accounting.

Mr. KENNEDY. So did you submit the number of pickets that were walking the picket line?

Mr. GRIFFITH. The number that was walking the line.

Mr. KENNEDY. Who did you submit the number to?

Mr. GRIFFITH. I made the daily sheet out and I give it to O'Connor or Trungale.

Mr. KENNEDY. Did you ever submit a false number of pickets, Mr. Griffith?

Mr. GRIFFITH. Well, if you wanted to call it that, it would be false, in this respect, that they carried extra pickets for extra expense that was incurred on the line. However, I am not sure that the name of the picket was carried but the amount shown there would be any-

where from 2 to 4; on a Sunday it would be 4 because we would have more pickets.

Mr. KENNEDY. So what happened? Just answer the question as to what happened? Did you submit a greater number than actually walked the picket line?

Mr. GRIFFITH. Yes, I did.

Mr. KENNEDY. How many on the average walked the line after the line got started?

Mr. GRIFFITH. Well, after we seen that Mr. Reed was going to be stubborn, and not sign a contract, so we——

Mr. KENNEDY. Mr. Griffith, just answer the question. How many pickets were walking the line?

Mr. GRIFFITH. Well, there was anywhere from, at the start, from 12 and down to 8 and 6 and then 4, in 3 or 4 months.

Mr. KENNEDY. You got to four and after how many months of the strike?

Mr. GRIFFITH. I would say after 8 months.

Mr. KENNEDY. About 8 months after the strike started?

Mr. GRIFFITH. Yes.

Mr. KENNEDY. What number were you submitting? How many pickets were you stating there were at that time?

Mr. GRIFFITH. I didn't keep a sheet after April.

Mr. KENNEDY. Approximately how many were you submitting?

Mr. GRIFFITH. I wasn't submitting any at that time. I didn't keep a sheet after April 27, the week of April 27, 1957.

Mr. KENNEDY. Was there any money collected for these people? I am talking about 1955, when the picket line started. You testified, that you were submitting lists, submitting vouchers, for a greater number of pickets than were actually walking; isn't that right?

Mr. GRIFFITH. That is what the investigator told me. I submitted a list of where we showed for the extra expense, where money went out. It is impossible that you could keep an accounting of all the money.

Mr. KENNEDY. Just answer the question. Actually, when there were only 4 or 6 pickets, you were submitting lists for 8 or 10 pickets, were you not?

Mr. GRIFFITH. Well, 4, I would say 6, and 6 pickets you would submit a list for 8.

Mr. KENNEDY. Well, you would have two extra pickets each day. So you would collect about \$27 extra each day?

Mr. GRIFFITH. And Sunday a little more.

Mr. KENNEDY. What would be done with that money?

Mr. GRIFFITH. That money, as I understood from Mr. O'Connor——

Mr. KENNEDY. On whose instructions did you do this? Was it on your own?

Mr. GRIFFITH. No. I done this on Mr. Trungale's and O'Connor's orders.

Mr. KENNEDY. What did you do with the money?

Mr. GRIFFITH. I didn't have the money. The only amount of money that was given to me was the actual amount of the pickets that were on the line.

Mr. KENNEDY. Do you know what was done with the money, actually?

Mr. GRIFFITH. All I know is that it went into a special fund for expenses and went downtown.

Mr. KENNEDY. Did they tell you it went downtown?

Mr. GRIFFITH. Yes.

Mr. KENNEDY. To whose office downtown?

Mr. GRIFFITH. Blakely and Lardino.

Mr. KENNEDY. That money was to go down to them, this extra money?

Mr. GRIFFITH. It was to go down to them for special expenses.

Mr. KENNEDY. Why, if it was special, legitimate expenses, why weren't legitimate vouchers submitted? Do you know that?

Mr. GRIFFITH. I don't know. They bought a station wagon and some things like that. I don't know where the money went.

Mr. KENNEDY. You don't know how the money was used?

Mr. GRIFFITH. No, I don't. I didn't get any of it.

Mr. KENNEDY. But you know this practice was followed for how long a period of time?

Mr. GRIFFITH. This practice was followed from approximately 4 months after the strike started until April 1957.

Mr. KENNEDY. So that would be about a year and a half; is that right?

Mr. GRIFFITH. That was the time that I made the slip out. Now, after that, I don't know where the money went.

Mr. KENNEDY. But for at least 18 months, this practice—

Mr. GRIFFITH. I would assume it would be approximate.

Mr. KENNEDY. This amounted to about \$27 each day, with Sunday getting a little bit more?

Mr. GRIFFITH. Well, I doubt if it would be 18 months. The strike run 2 years. I would say it would probably be about 14 months, something like that.

Mr. KENNEDY. When you went around to organize, you did some organizing work other than to handle these pickets?

Mr. GRIFFITH. Yes. During the strike the membership had dropped in local 394, and Mr. O'Connor said he was going to see if I could not go out and organize some members to help bring that quota up, and I did. I was given permission from Mr. Trungale and O'Connor to get the necessary equipment, such as contracts and that, and to go out and organize.

Mr. KENNEDY. Did you then go around to these various restaurants in the area?

Mr. GRIFFITH. I did.

Mr. KENNEDY. Did you go to see the employees?

Mr. GRIFFITH. I went to see the employer to get permission to organize his establishment.

Mr. KENNEDY. Would you make arrangements with the employer to take in a certain percentage of his employees?

Mr. GRIFFITH. Mostly I would make an arrangement to take in his steady help that he would state was steady.

Mr. KENNEDY. And he would then give you a certain number of his employees to place in the union?

Mr. GRIFFITH. He would.

Mr. KENNEDY. And then he paid the initiation fees and dues on those employees?

Mr. GRIFFITH. He would pay the initiation fee and dues.

Mr. KENNEDY. And what would you personally receive out of that?

Mr GRIFFITH. The initiation fee; my only compensation was 50 percent of the initiation fee.

Mr. KENNEDY. You would get 50 percent of all the initiation fees?

Mr. GRIFFITH. I received nothing of the dues.

Mr. KENNEDY. And what was the initiation fee?

Mr. GRIFFITH. The initiation fee, unless the place had a large amount of people, was \$20 per member.

Mr. KENNEDY. It was not any fixed initiation fee?

Mr. GRIFFITH. \$20 was the general amount.

Mr. KENNEDY. But you could change it as you saw fit?

Mr. GRIFFITH. Only by orders. I could not change it unless Mr. O'Connor gave the approval, if there was enough to warrant a good membership.

Mr. KENNEDY. Then you could waive it?

Mr. GRIFFITH. Then I could waive it.

Mr. KENNEDY. And you got 50 percent out of all those initiation fees?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. Did the other organizers who were also working also get 50 percent? Was that a general arrangement?

Mr. GRIFFITH. That was not the arrangement in other locals.

Mr. KENNEDY. The other organizers working out of your local?

Mr. GRIFFITH. There was no other organizer working.

Mr. KENNEDY. You were the only one?

Mr. GRIFFITH. That is right.

Mr. KENNEDY. What was the advantage, Mr. Griffith, for the employees for your making this arrangement?

Mr. GRIFFITH. Well, I couldn't see. The only advantage an employee got from the union was a \$175 death benefit, and after he was there a year, I think it goes up to \$200. And that he would not get; his relation would get it if he died.

Mr. KENNEDY. Then was there any actual benefit for the employee?

Mr. GRIFFITH. Well, the only benefit that we might if they would come to us and needed work, send them to a different establishment.

Mr. KENNEDY. As a general proposition in the manner that you operated, and as I understand you operated with the sanction of the union official, there was no clear benefit as far as wages, hours, or conditions for the employee.

Mr. GRIFFITH. Well, they signed a contract, each one of these establishments. I never organized unless the owner signed a contract. But most of them, as Mr. DeSantis stated, it is the flexibility of wages.

Mr. KENNEDY. Well, would you answer the question? Was there any benefit as far as wages, hours, or conditions for the employee?

Mr. GRIFFITH. Well, there—

Mr. KENNEDY. Just answer that.

Mr. GRIFFITH. No; there was not that I know of.

The CHAIRMAN. Did they ever enforce their contract after they signed it?

Mr. GRIFFITH. Well, we got so busy on the strike that we never had time to enforce anything or follow up. I believe that some enforcement should have been done.

The CHAIRMAN. Well, it should have been done. But the fact that they may have signed up for 67 cents an hour for wages did not mean necessarily that they had to pay it?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. Did you have some conversations with Mr. William Scholl, of the White Mill Restaurant?

Mr. GRIFFITH. I did.

Mr. KENNEDY. Did you go to him to attempt to organize his employees?

Mr. GRIFFITH. I did.

Mr. KENNEDY. Would you relate what happened?

Mr. GRIFFITH. When I went to Mr. Scholl, I made several calls on his establishment called the White Mill, I believe, on West 95th Street, and Mr. Scholl said that he thought that he was out of the union picture out there where he was. He just used the carhops, and he really did not figure that he came under the union sanction, to be sanctioned by a union. I said "Well, we are organizing. We need members, and we want to build a big organization so that we can develop a health and welfare benefit.

"The more members we have the easier it would be to do."

So he told me at that time that he did not want to join. I went back again and after a couple or three calls Mr. Scholl—I left a contract with him in a brown manila envelope, about this size [indicating], with a clasp on it.

Mr. Scholl told me that I should go see O'Connor or Trungale and take this contract back to them. There was some problems that he was scared about in the contract that he would have to organize his whole house which would include carhops, and I would say some of those kids would not want to belong to the union.

So I took the contract back to O'Connor, and inside the contract was \$100. Immediately, Jim O'Connor became enraged, and said "Take this money, this peanuts, back to him."

Mr. KENNEDY. "Take the peanuts back to him"?

Mr. GRIFFITH. "And tell him we want every member in his place." So I went back and I told Mr. Scholl, and I give him the contract the same as he give it to me, and I said, "You have not got enough money to buy this union," and "We want every member that you have in your establishment." So after future negotiations, we ended up with 5 members in that establishment and 5 members in the place he owns known as The Village.

Mr. KENNEDY. So how much money did he then pay?

Mr. GRIFFITH. As I recall, he was given an initiation rate of \$10 per member by organizing 10 members which was \$100.

Mr. KENNEDY. And then he paid the dues?

Mr. GRIFFITH. I don't remember if he paid the dues at that time or if it was collected later by O'Connor, who was the regular business agent.

Mr. KENNEDY. And he gave you 5 employees in each 1 of his establishments?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. Ten employees altogether?

Mr. GRIFFITH. That is correct.

Mr. KENNEDY. You did not get all the employees like Mr. O'Connor said?

Mr. GRIFFITH. We did not get all the employees, because there was a lot of kids that were hopping cars.

Mr. KENNEDY. None of the employees were approached in this case to see if they wanted to belong to the union?

Mr. GRIFFITH. No, I can't remember.

Mr. KENNEDY. So the only difference between the \$100 which was paid, which was sent back with great outrage, was that there was a greater amount of money paid at a later time, and periodic payments in addition thereto?

Mr. GRIFFITH. Well, if 394 had 5 members, that would be \$20 a month; quarterly would be \$60. But the other 5 members went to 593.

Mr. KENNEDY. You got quarterly payments of \$60 a quarter?

Mr. GRIFFITH. Every quarter.

Mr. KENNEDY. And you got \$100 initiation fee?

Mr. GRIFFITH. \$50 for the 5 there, yes.

Mr. KENNEDY. \$50 there and \$50 at the other place.

Mr. GRIFFITH. And \$50 for the Village.

Mr. KENNEDY. You got those payments which, of course, were periodic payments, and a greater initial payment.

Mr. GRIFFITH. Well, it would be over a period of years it would pay the union to take that amount of money, yes.

Mr. KENNEDY. The employees were not consulted in this matter, were they?

Mr. GRIFFITH. No, I can't say as they were.

Mr. KENNEDY. There was no improvement of wages, hours, or conditions for the employees?

Mr. GRIFFITH. Not unless Mr. Scholl give it to them without notifying us.

Mr. KENNEDY. Therefore, what happened was the \$100 in cash went back and what Mr. O'Connor and some of the others received out of it was a greater amount of money.

Mr. GRIFFITH. Well, the money went in on the files as initiation fee.

Mr. KENNEDY. And then you split the initiation fee. Somebody got 50 percent of that. Then, of course, it was the money that went into the union that paid the salaries and expenses of union officials.

Mr. GRIFFITH. I would say.

Mr. KENNEDY. With no benefit for the membership, once again; isn't that right?

Mr. GRIFFITH. Well, I would say that there was not any immediate benefit.

Mr. KENNEDY. Well, until he died. He would have to be dead, first.

Mr. GRIFFITH. His heir would get a benefit, a death benefit.

Mr. KENNEDY. Never a benefit that he would know about.

Mr. GRIFFITH. No; he would not know about it.

Mr. KENNEDY. And you know that this was a practice that was followed in other cases, of putting employees on, taking a percentage of employees and putting them into the union and making payments; do you not?

Mr. GRIFFITH. Well, you would have them sign a contract for a union house.

Mr. KENNEDY. In Segal's restaurant, was that procedure followed?

Mr. GRIFFITH. I never had any dealings with Mr. Segal. However, I know him. But I never had any dealings with his establishment.

Mr. KENNEDY. Mr. O'Connor told you about Segal's?

Mr. GRIFFITH. Well, I was with Mr. O'Connor when he collected in there.

Mr. KENNEDY. Did he make a statement after this investigation began that he would have to get those names up to date?

Mr. GRIFFITH. Well, there was a lot of places that they were lax in getting the names up to date.

Mr. KENNEDY. Was there a lot of discussion about that after the committee started its investigation of hustling around to these various restaurants and try to make it appear——

Mr. GRIFFITH. Well, he stated that because of the strike he had been so busy he had not been able to get the books up to date on a lot of them.

Mr. KENNEDY. Tell me this: Was there any discussion about John Moore around your local, known as Claude Maddox?

Mr. GRIFFITH. Well, there was discussion about Moore when he was convicted of some Federal charge and sent up, and later there was a discussion, his name was brought up, from time to time through various news topics that we talked about, Mr. O'Connor and myself.

Mr. KENNEDY. Was there any discussion that he had any connection at all with the union?

Mr. GRIFFITH. Well, I would not know of any connection that he ever had.

Mr. KENNEDY. What did Mr. O'Connor say about Moore?

Mr. GRIFFITH. Well, Mr. O'Connor, all he said was that he some day was going to take me out West and introduce me to him.

Mr. KENNEDY. Take you out West and introduce you to him?

Mr. GRIFFITH. Yes.

Mr. KENNEDY. How did he refer to John Moore?

Mr. GRIFFITH. Well, that he could—well, I don't know how you mean.

Mr. KENNEDY. What did he describe him as?

Mr. GRIFFITH. Well, he described him as the big man.

Mr. KENNEDY. As the big man when he talked about him?

Mr. GRIFFITH. He said that he was with local 450 at one time, or something like that.

Mr. KENNEDY. In his conversations with you, he described him as the big man?

Mr. GRIFFITH. Yes.

Mr. KENNEDY. That is all.

Mr. GRIFFITH. Do you have any questions, Senator?

Senator ERVIN. No.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Scholl.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHOLL. I do.

TESTIMONY OF WILLIAM SCHOLL

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SCHOLL. My name is William Scholl; 9232 South Trumble is where I live. My place of business is 3422 West 95th Street, Evergreen Park, Ill. That is where the White Mill is. Village Ice Cream is at 7814 South Ashland Avenue, Chicago, Ill.

The CHAIRMAN. You are in the restaurant business?

Mr. SCHOLL. I didn't hear you.

The CHAIRMAN. Are you in the restaurant business?

Mr. SCHOLL. I am, and ice cream, both.

The CHAIRMAN. You waive counsel?

Mr. SCHOLL. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Do you deal in any special product, Mr. Scholl?

Mr. SCHOLL. Yes, I do, in a very high butterfat ice cream, one of the outstanding ones in Chicago, in Evergreen Park, and we make our own flavoring, chocolates, marshmallow, all of the different ones, and then we put on good whipped cream, pure whipped cream.

Mr. KENNEDY. You have two restaurants, the Village Restaurant and the White Mill, the Village Ice Cream Shop?

Mr. SCHOLL. Yes, sir.

Mr. KENNEDY. During 1951 you were approached by representatives of local 594 about organizing your employees?

Mr. SCHOLL. I was.

Mr. KENNEDY. That was by whom?

Mr. SCHOLL. By Mr. Trungale.

Mr. KENNEDY. Was Mr. O'Connor with him?

Mr. SCHOLL. Not the first time.

Mr. KENNEDY. What did they state to you at that time?

Mr. SCHOLL. Mr. Trungale told me that I had to become a union house, and I would have to put some employees in the union. I told him I didn't want to. I said I didn't see what benefits they would get, or, "If you can tell me, enlighten me on what they would receive, anything better than what they are getting," and he said, well, he didn't seem to know just what the wages were, but to keep on working under the same conditions, the same wages, which was far above the union wage, and the conditions would be the same, but I would have to put in about eight employees, which I did.

Mr. KENNEDY. You did? You selected eight?

Mr. SCHOLL. Eight employees.

Mr. KENNEDY. Did he tell you there would be a picket line unless you put in these employees?

Mr. SCHOLL. Yes; all the waitresses. I only have about two car-hops.

Mr. KENNEDY. How much money did you pay him at that time?

Mr. SCHOLL. At that time I paid him \$65.

Mr. KENNEDY. In check or cash?

Mr. SCHOLL. Cash.

Mr. KENNEDY. Did you make payments periodically after that?

Mr. SCHOLL. I did for dues every 3 months.

Mr. KENNEDY. Always in cash?

Mr. SCHOLL. Yes; always in cash. I had to come——

Mr. KENNEDY. Why did you pay him in cash?

Mr. SCHOLL. Well, they wanted it in cash.

Mr. KENNEDY. Who wanted it in cash?

Mr. SCHOLL. Mr. O'Connor.

Mr. KENNEDY. Did you just make the payment to Mr. O'Connor?

Mr. SCHOLL. The dues were paid to Mr. O'Connor.

Mr. KENNEDY. Did you make these payments back in 1951 in order to avoid difficulties with the union?

Mr. SCHOLL. Yes; I did. They would have a picket line out in front.

Mr. KENNEDY. Was it a form of extortion, in your estimation?

Mr. SCHOLL. In my opinion, it was.

The CHAIRMAN. How much dues did you pay?

Mr. SCHOLL. I paid dues on the 8 employees for about 5 or 6 months.

The CHAIRMAN. How much per month?

Mr. SCHOLL. I was \$4 per month for each employee.

The CHAIRMAN. That would be \$32 a month for the 8?

Mr. SCHOLL. That is right.

The CHAIRMAN. And you paid for how many months?

Mr. SCHOLL. For about 4 or 5.

The CHAIRMAN. And it was paid in cash, to Mr. O'Connor?

Mr. SCHOLL. That is right.

The CHAIRMAN. You have no knowledge or way of knowing whether it ever entered the union treasury or not?

Mr. SCHOLL. No. At that time I had no books, no nothing.

The CHAIRMAN. Do you know whether your eight employees, their names, were ever carried on the record as union members?

Mr. SCHOLL. I have no proof of it.

The CHAIRMAN. All right.

Mr. KENNEDY. Then in 1956 you were again approached?

Mr. SCHOLL. Yes, sir.

Mr. KENNEDY. We better finish this. They just stopped collecting dues after a period of time?

Mr. SCHOLL. They did stop in the 1951 deal; yes.

Mr. KENNEDY. Then in 1956 you were approached again?

Mr. SCHOLL. Yes.

The CHAIRMAN. Did they stop or did you stop?

Mr. SCHOLL. They stopped coming around for it and I didn't send it in.

Mr. KENNEDY. What happened at that time? Who came to see you?

Mr. SCHOLL. What do you mean?

Mr. KENNEDY. In 1956?

Mr. SCHOLL. In 1956, Mr. Griffith and Mr. O'Connor came in a few times to see me and told me it had to be a union house, and I told them I joined back in 1951. I said, "How often do you have to join?" He said, "Well, you didn't pay any dues for quite a while. You have to join over. You have to have five employees from each place, the Village Ice Cream and the White Mill, to stop the picket line in front."

They told me if I didn't pay, "We will put one around your place like the man at Nantucket. That costs the union a lot of money and their money runs out like anyone else's." I said, "Mine has run out, too, because business is slow and I haven't got it." They said, "Well, you have to put it in or we will put in pickets."

I said, "I can't pay that big initiation fee." I told Mr. Griffith, "I will give you \$50, for being in once before, and I will join for \$50." They told me, "They tell us you are making your ice cream out here," and I said, "That is right." They said, "Well, you should join," and I said, "All right." I gave Mr. Griffith \$50.

Mr. KENNEDY. In cash?

Mr. SCHOLL. In cash. He left and came back 2 or 3 hours later and said that the board of directors turned down the \$50, that he wanted \$100. I said, "\$100 is a lot of money to me. It may not be to you. I joined once."

So after a lot of bickering around and arguing, I gave him the \$100. I said, "Now, Mr. Griffith, if I give you this \$100 in cash, what is stopping you from coming back and asking for \$200 or \$100 tomorrow? I have no proof whatsoever."

So I had him sign his name on a piece of paper, two witnesses were standing in the store and heard me count out the money, and they signed their names to the paper.

Mr. KENNEDY. That was in about August of 1956?

Mr. SCHOLL. That is right. That was in August.

Mr. KENNEDY. And did you submit any names of members at that time?

Mr. SCHOLL. No, I did not.

Mr. KENNEDY. You just gave him the \$100 in cash?

Mr. SCHOLL. I gave him the \$100 with the understanding that I would furnish the names later.

Mr. KENNEDY. After you made that cash payment, did they come back; did anyone come back to see you again?

Mr. SCHOLL. Yes, Mr. O'Connor.

Mr. KENNEDY. In the meantime, when he said he had taken it up with the executive board and they weren't satisfied, did Mr. Griffith indicate who it was on the executive board that he discussed the matter with?

Mr. SCHOLL. No, he did not.

Mr. KENNEDY. Did he mention any names at all?

Mr. SCHOLL. None at all.

Mr. KENNEDY. Approximately a month later who came back to see you at that time?

Mr. SCHOLL. Mr. O'Connor.

Mr. KENNEDY. He is president of local 394. What was his statement?

Mr. SCHOLL. His statement was that he wanted some money for going back into the union. I promised him more or less—Mr. Griffith was out there, and they made an agreement with me for the \$100, and he wanted a check, so I gave him the check.

Mr. KENNEDY. How much money did you give him?

Mr. SCHOLL. I think it was two-hundred-and-some dollars.

Mr. KENNEDY. How much did he want originally?

Mr. SCHOLL. I think he wanted \$500, and I just didn't have it.

Mr. KENNEDY. So you finally gave him how much?

Mr. SCHOLL. A check for \$220.

Mr. KENNEDY. What was that for?

Mr. SCHOLL. That was a check for the White Mill, on 95th Street in Evergreen Park.

Mr. KENNEDY. It was for five employees?

Mr. SCHOLL. For five employees.

Mr. KENNEDY. At the White Mill?

Mr. SCHOLL. At the White Mill.

Mr. KENNEDY. And you just selected those employees' names?

Mr. SCHOLL. That is right.

Mr. KENNEDY. You never discussed it with them?

Mr. SCHOLL. They didn't care who they were; just any five.

Mr. KENNEDY. No discussion for wages, hours, or conditions?

Mr. SCHOLL. No; I pay over \$1 an hour, and those that don't get that get 85 cents.

Mr. KENNEDY. What about your other restaurant, the Village Ice Cream?

Mr. SCHOLL. That is a different local than the Chicago local.

Mr. KENNEDY. That is local 593 of Mr. Lardino?

Mr. SCHOLL. I think so. I don't go into the numbers.

Mr. KENNEDY. How much was that for?

Mr. SCHOLL. A check for \$65 that I mailed down to him. I mailed it down to him. It never was cashed. It came back to me quite a while later.

Mr. KENNEDY. That was February 15, 1957; is that right?

Mr. SCHOLL. When it was returned.

Mr. KENNEDY. It was returned February 15, 1957?

Mr. SCHOLL. That is right.

Mr. KENNEDY. Do you know why it wasn't cashed?

Mr. SCHOLL. Why it wasn't cashed? They came out to me and told me there was a little trouble; they would have to straighten it up first and they would be back for the check later.

Mr. KENNEDY. Do you know what the trouble was?

Mr. SCHOLL. They were being investigated. That is what I heard.

Mr. KENNEDY. So they returned the money to you?

Mr. SCHOLL. They returned the check.

Mr. KENNEDY. Did you ever receive union dues books for the five employees at the White Mill Restaurant?

Mr. SCHOLL. Yes; I did.

Mr. KENNEDY. But not for the Village Ice Cream Shop?

Mr. SCHOLL. No. I started to take the money out for the Village and the girls there refused to pay me and they refused to join the union and they called the union and the union told them they were not in the union. Then my check came back the following day.

Mr. KENNEDY. I see. Did you tell the employees at the White Mill they were in the union?

Mr. SCHOLL. I did.

Mr. KENNEDY. Were they satisfied?

Mr. SCHOLL. They said they heard the trouble I had out there with them, and they seen the trouble at Nantucket, and they are married women and they can't afford to be out of work. They want to stay there in the work. They have been there that many years.

Mr. KENNEDY. So you started deducting from their wages?

Mr. SCHOLL. I did.

Mr. KENNEDY. They had no other choice?

Mr. SCHOLL. They had to join.

Mr. KENNEDY. What?

Mr. SCHOLL. They had to join the union.

Mr. KENNEDY. There was no improvement of wages, hours, or conditions for them?

Mr. SCHOLL. That is right.

Mr. KENNEDY. They took a reduction in wages to belong to the union, did they not?

Mr. SCHOLL. They took a deduction in wages to belong to the union.

Mr. KENNEDY. So it was a loss to them to belong to the union?

Mr. SCHOLL. Well, they get \$100, I think, when they die.

Mr. KENNEDY. Did you ever give anybody else any money, any of these other union officials?

Mr. SCHOLL. No, nobody.

Mr. KENNEDY. You never gave Mr. O'Connor?

Mr. SCHOLL. Only what I stated.

Mr. KENNEDY. The \$50?

Mr. SCHOLL. The check.

Mr. KENNEDY. The check for \$220?

Mr. SCHOLL. Yes, and the first time I gave him money.

Mr. KENNEDY. In October of 1957 did you give him some money at that time, \$50 in cash?

Mr. SCHOLL. No, that was given to Mr. Griffith.

Mr. KENNEDY. That we have already discussed.

Mr. SCHOLL. That is right.

Mr. KENNEDY. All right.

That is it, Mr. Chairman.

The CHAIRMAN. You just regarded this as a shakedown, didn't you?

Mr. SCHOLL. Absolutely.

The CHAIRMAN. You did it just to buy peace?

Mr. SCHOLL. We have no choice in the matter. We got to or we will be picketed. They will put us out of business. We are having a hard time going now.

The CHAIRMAN. That would put you out of business?

Mr. SCHOLL. That is right.

The CHAIRMAN. So if you lived, if you survived in your business, you would have to pay this extortion money?

Mr. SCHOLL. That is right, Senator.

The CHAIRMAN. Are there any further questions?

If not, thank you very much.

Mr. SCHOLL. Has Mr. Gotsch got anything to say about the auditing of the wages for me?

The CHAIRMAN. I beg your pardon?

Mr. KENNEDY. You are doing very well there.

Mr. SCHOLL. You mean the help are doing well.

Mr. KENNEDY. The help are doing well. They are all being paid above union scale.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, I would like to point out, as I did last week, that these kinds of payments of all of these individuals that have testified today are violations of the law either for the employer or for the union official, or possibly both, depending on whether it is a payoff, extortion, or possibly collusion, under section 302 of the Taft-Hartley law.

Now, I would like to call the union officials that we have had testimony about today. That would include Mr. Frank Trungale, secretary-treasurer of local 394. I will call him first.

The CHAIRMAN. Mr. Trungale, come forward, please.

Do you solemnly swear the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TRUNGAL. Yes, sir.

**TESTIMONY OF FRANK TRUNGALÉ, ACCOMPANIED BY
EDWARD J. CALLAHAN, JR.**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. TRUNGALÉ. My name is Frank Trungalé. I live at 1901 North 77th Avenue, Elmwood Park, and I am unemployed at the present time.

The CHAIRMAN. You have counsel present?

Mr. TRUNGALÉ. I do.

The CHAIRMAN. Counsel, identify yourself for the record, please.

Mr. CALLAHAN. My name is Edward J. Callahan, Jr. I practice in Chicago, Ill., at 105 West Adams Street. I am admitted to the Supreme Court of the State of Illinois and the Supreme Court of the United States.

Mr. Chairman, I would like to make a statement at this time in connection with my presence here before this committee.

The CHAIRMAN. Very good.

Mr. CALLAHAN. Back in February of this year I was consulted by certain representatives of local 583 in Chicago as to whether or not I would undertake to represent these people in connection with this investigation.

My practice is almost wholly Federal. I conferred with them and also with Mr. Miller, who is the international president of the Hotel, Restaurant Workers and Bartenders Union, and at that time it was understood that if I did represent any of these people it would be on the basis of complete cooperation with this committee in the turning over of documents and records and whatever the committee desired, and we so operated in that fashion. In other words, Senator, I represent local 593, local 450 which came along later, and local 394 as unions.

I might state in this matter, however, I have not accepted any fee from local 394 because of their condition, and the same is true of local 450. I have been engaged in Chicago, Ill., in a civil tax matter all week, and when I came to Washington last night, at 2 o'clock in the morning, I found that Mr. Trungalé and O'Connor both had submitted their resignations. This placed me in an awkward position of representing a union with no members to speak in their behalf. So immediately at 9 o'clock this morning I contacted Mr. Kelly and Mr. Duffy and Mr. Kennedy and told them of my problem, and indicated that I thought these gentlemen ought to be represented by other counsel.

However, the time element was involved. There are two lawyers coming in. I had hoped they would be here by now, but they have not yet arrived. Consequently, I am in this position, Senator, that if you will continue until they do arrive they can go on. If this committee would permit me to stay here with them, and they do desire counsel, I would be happy to do whatever I can to expedite this hearing.

The CHAIRMAN. As I understand, you were first retained by the union?

Mr. CALLAHAN. Yes.

The CHAIRMAN. To represent these officers?

Mr. CALLAHAN. Yes, sir.

The CHAIRMAN. Now you found last night that they had resigned from the union?

Mr. CALLAHAN. Yes; and it is also my belief, Your Honor, that they will claim the privilege. I think in view of the testimony that is a matter of their own choice.

The CHAIRMAN. You had anticipated being paid by the union, or have you been paid by the union?

Mr. CALLAHAN. No, sir. I think that the union is in such a financial condition that I was not too worried about it. I have been paid by local 593. I just went along on the basis that I would do whatever I could for them in their cooperation with this committee. I have done nothing other than facilitate the turning over of records and documents and whatever was required.

The CHAIRMAN. Are you willing, and are they willing to accept your services, for you to remain here now and advise them as to their legal rights as they testify?

(The witness conferred with his counsel.)

Mr. TRUNGAL. Yes; I am.

The CHAIRMAN. Well, if they are willing—

Mr. CALLAHAN. I wanted to make it clear that I did not want to get into a possible conflict, Senator.

The CHAIRMAN. I am sure your advice was acceptable to them before they resigned, and I see no reason why it should not be acceptable to them now.

Mr. CALLAHAN. Thank you, Your Honor.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You say that you are unemployed at the present time. Could you tell us where you were employed yesterday at 4 o'clock?

Mr. TRUNGAL. Yes. Not yesterday, but Saturday, with the Cooks, Waiters, and Waitresses Union, Local 394.

Mr. KENNEDY. How long had you been employed there?

(The witness conferred with his counsel.)

Mr. TRUNGAL. Approximately 20 years.

Mr. KENNEDY. What work were you doing for local 394?

Mr. TRUNGAL. Office work, mostly.

The CHAIRMAN. Office?

Mr. TRUNGAL. In the office, mostly.

Mr. KENNEDY. Did you go out and do any organizing work for them?

(The witness conferred with his counsel.)

Mr. KENNEDY. If you can't answer that, let me try something else.

Mr. TRUNGAL. Yes; I will answer that. Under the fifth amendment to the Constitution of the United States, I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. What about your salary and expenses? Could you tell us about that? What salary did you receive from that local?

Mr. TRUNGAL. I must respectfully decline to answer the question.

Mr. KENNEDY. For what reason?

Mr. TRUNGAL. On the ground that it may tend to incriminate me.

The CHAIRMAN. What is there about this operating a union in Chicago that so incriminates one who may engage in the organization or work for a union? What is there about it? It gives a bad impression, you know, to the public, to the working people, to other labor unions. What is there about that kind of work that causes it to tend or that it might tend to incriminate someone if he talked about it?

Can you tell us?

Mr. TRUNGAL. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Well, I will tell you what it does. Do you realize what you are doing to working people of this country and to their organization?

It should be their organization, and they should have a right to organize, to bargain collectively, and to take other proper activities for improvement of their working conditions, wages, hours of employment, and so forth. When you people who have been in a position of trust, in an official position representing them, bargaining for them, making contracts, organizing, strengthening the organization, when you come in here and take the fifth amendment, can't you realize what you are doing to the legitimate unionism? You are hurting, you are injuring the very thing you are supposed to have been honestly representing.

Don't you realize that? Do you want to answer it?

(The witness conferred with his counsel.)

Mr. TRUNGAL. After what has been said here, I feel that the only position that I can honestly take is then to decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Well, it may. I don't know. Do you feel like you have betrayed the men who placed their trust in you and whom you had a duty and responsibility to represent? Do you feel you have betrayed that trust?

Mr. TRUNGAL. No; I don't.

The CHAIRMAN. You don't feel that you have?

Mr. TRUNGAL. No.

The CHAIRMAN. Well, if you have not betrayed that trust, then why can't you answer without any possibility of self-incrimination, unless you are implying that unionism of itself is engaged in improper activities and that you can't tell about it without possible self-incrimination?

Mr. TRUNGAL. I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Could you tell us at all about the procedure that you followed for organizing, Mr. Trungal? We have had testimony before the committee that the way the organizing worked as far as you were concerned was virtually an extortion or shakedown of some of these employers, and that you just used to go by and pick up a sum of money and then put maybe 5, 6, 8, or 10 employees into the union to account for the money. Could you tell us whether you followed that procedure?

Mr. TRUNGAL. I must respectfully decline to answer the question.

Mr. KENNEDY. On what ground? Read the whole thing. And then I wouldn't have to ask you.

Mr. TRUNGAL. All right. On the ground it may tend to incriminate me.

Mr. KENNEDY. One of the things you were tied up with, according to the testimony, is the Segal Restaurant, where you came by and said you wanted eight employees in the union. Did you do that, and then receive a sum of money?

Mr. TRUNGAL. I must respectfully decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. And the same situation, with seven employees, at the Rupcich Restaurant; is that right?

Mr. TRUNGAL. I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Were you ever interested in the wages, hours, or conditions of any of the employees of any of the restaurants that you tried to organize?

Mr. TRUNGAL. I respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. It was just a question of collecting the money so that you could have your salary and expenses paid; is that right?

Mr. TRUNGAL. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. In fact, you failed to even notify the employees whose names you received that they were in the union; isn't that right?

Mr. TRUNGAL. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. We have had testimony that you followed the same kind of procedure with Segal, Rupcich, and the Inglenook Restaurants. Could you tell us about that?

Mr. TRUNGAL. I respectfully decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. And that an arrangement was ultimately made between you and Mr. Romano. Do you know Mr. Romano?

Mr. TRUNGAL. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Did you know him as a member of the Chicago syndicate?

Mr. TRUNGAL. I respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. He was in the hotel and restaurant workers union up until 1940, and then he was a labor expert from 1940 to about 1953 or 1954. How many dealings did you have with him during that period of time?

Mr. TRUNGAL. I respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Could you tell us about the Nantucket Restaurant, and the pickets that were outside the Nantucket Restaurant?

Mr. TRUNGAL. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Evidently more money was collected for the pickets from the union than there were actually pickets, some \$27 each day

for a period of approximately 14 months. Can you tell the committee or give them any ideas as to what happened to that money?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. The total amount of money that was spent on the strike, according to the union records, is \$111,620.80. Could you tell us how much of that was actually spent, how much was legitimate?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Obviously, from the testimony we have had, a very large, high percentage was not legitimate expense. Could you tell us what happened to the money, Mr. Trungale?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered these questions truthfully, that a truthful answer might tend to incriminate you?

Mr. TRUNGALÉ. Under the fifth amendment to the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. With the permission of the committee, the Chair orders and directs you to answer that question. I just don't believe that it was ever intended that people should take the fifth amendment frivolously and just capriciously, and just for the sake of declining to give testimony as to the actions of others.

I think one should be honest and sincere in taking the fifth amendment to the extent that he is willing to state that he honestly believes that if he told the truth, that a truthful answer might tend to incriminate him.

You are not expected to lie or perjure yourself. Laws don't countenance that. So unless you can state that you honestly believe that a truthful answer might tend to incriminate you, I doubt seriously, in my judgment at least, that you are privileged to invoke the fifth amendment.

Mr. TRUNGALÉ. I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. The order to the witness to answer the question, with the approval of the committee, will stand during the time you are on the witness stand.

There will be a continuing order for you to answer the questions unless you can truthfully say, state, under oath that you honestly believe that a truthful answer might tend to incriminate you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. On the pickets alone, it would appear that there was some \$12,000, if Mr. Griffith's testimony is to be believed, there was some \$12,000 extra that was paid for the pickets alone during that Nantucket strike. Can you tell us what happened to that money?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Tony DeSantis just appeared representing the Martinique Restaurant and said he had to pay you about \$100 in cash

every 9 months over a period of 5 or 6 years, and that you then agreed not to organize or unionize the employees.

Can you tell us about that?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, I would like, if I may, to call Mr. O'Connor. He was involved in this union. I would like to call him forward.

The CHAIRMAN. Let me ask the witness a question or two. You are a citizen of the United States, are you not?

Mr. TRUNGALÉ. Yes, sir.

The CHAIRMAN. Do you feel any sense of obligation to your Government to assist it when you can do so in giving information that it may need to enable it, its Congress, to enact laws to correct conditions that may prevail or to improve the standards of management-labor relations in this country? Do you feel any sense of obligation as a citizen to try to help your Government in that respect?

(The witness conferred with his counsel.)

Mr. TRUNGALÉ. Yes, I do.

The CHAIRMAN. All right. Are you willing to discharge that obligation?

Mr. TRUNGALÉ. I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Do you mean that if you met that obligation, if you undertook to cooperate and give the information that you have, that the giving of the information or the information you would give or could give might tend to incriminate you? Is that what you mean?

Mr. TRUNGALÉ. Yes, sir. I respectfully decline to answer the question on the ground—

The CHAIRMAN. Let me ask you this: Have you performed any service as an officer of that union about which you can testify without the risk of self-incrimination?

Mr. TRUNGALÉ. Under the fifth amendment to the Constitution of the United States, I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Well, I sincerely hope that some day we can deliver out of bondage the working people of this country who belong to unions, out of bondage of officers who so conduct their affairs and their responsibilities to union members that they can't testify about it without the possibility of self-incrimination. I think we have a great task ahead of us, and I think it is a noble task if we can ever deliver these folks from the evil that attends them today in some unions, under some leadership, where they are just pawns in the hands of men who are greedy, who think solely of no one's interest except their own personal grandiosement and financial profit.

Do you have any questions, Senator Ervin?

Senator ERVIN. Yes. How long were you secretary treasurer of local 394?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground it may tend to incriminate me.

Senator ERVIN. Well, when were you first elected secretary-treasurer of local 394?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground it may tend to incriminate me.

Senator ERVIN. Did you get your election as secretary-treasurer of local 394 by fraud and rascality?

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

Senator ERVIN. You are swearing, you are stating to this committee under oath, that you cannot make a revelation of a single activity that you ever performed as an officer of that local union which would not tend to incriminate you in the violation of some law, is that correct?

Mr. TRUNGALÉ. I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that a truthful answer to that question as to whether you had ever done anything that you could testify to that would not tend to incriminate you, do you honestly believe that a truthful answer to that question might tend to incriminate you?

Mr. TRUNGALÉ. I must respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. TRUNGALÉ. I respectfully decline to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. That order will stand during the time that you are on the witness stand. It will be a continuing order. Proceed, Mr. Kennedy.

Mr. KENNEDY. I would like to ask, Mr. Chairman, that Mr. James O'Connor come around.

The CHAIRMAN. Do you know Mr. James O'Connor?

Mr. TRUNGALÉ. Yes, sir.

The CHAIRMAN. Thank you very much.

Come forward, Mr. O'Connor.

Mr. O'Connor, be sworn, please.

You do solemnly swear the evidence you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. O'CONNOR. Yes, sir.

TESTIMONY OF JAMES O'CONNOR, ACCOMPANIED BY COUNSEL, EDWARD J. CALLAHAN, JR.

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. O'CONNOR. My name is James F. O'Connor, 8820 Main Street, Hometown, Ill. I am unemployed.

The CHAIRMAN. Unemployed. Do you have counsel?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. The same counsel?

Mr. CALLAHAN. It is the same representation that I made with reference to Mr. Trungalé. I would like that to stand in the record for Mr. O'Connor.

The CHAIRMAN. All right. Thank you very much.

You said, I believe, that you are unemployed?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. Since when?

(The witness conferred with his counsel.)

Mr. O'CONNOR. Saturday.

The CHAIRMAN. Since last Saturday. What was your employment prior to last Saturday?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. You were president of Local 394 of the Hotel and Restaurant Workers Union, is that correct?

Mr. O'CONNOR. I must decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. What is there about being president of a local union that might incriminate you? Would you give us some idea of what it is?

I thought it was an honor to represent working people in this country. Didn't you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Was your resignation asked for or did you resign voluntarily?

(The witness conferred with his counsel.)

Mr. O'CONNOR. I resigned voluntarily.

The CHAIRMAN. Was it because or in contemplation of your position that you had and that you were being called here as witness that you felt you could not give a proper accounting of your stewardship as president of that union that caused you to resign?

(The witness conferred with his counsel.)

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Did you have any other reason than that? That is, since you resigned voluntarily?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Mr. Kennedy, proceed. I think you have another one of the same stripe.

Mr. KENNEDY. Once again I would like to know whether it was the usual procedure as far as your union was concerned, Mr. O'Connor, to go to an employer and exact a payment in return for not having a picket line or not organizing the employees. Did you follow that procedure?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. According to the testimony, you did follow that procedure at the Rupnich Restaurant, the Beverly Woods Restaurant, Inglenook Restaurant, and a number of others, and exacted a payment from the owners of those restaurants. Can you tell us what were the other ones where you did the same thing?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. This is a procedure that was followed by you, it was a procedure, obviously, that took place in some of the other unions in Chicago, the Hotel and Restaurant Workers Unions, some of the ones that we have discussed here, local 450 and others.

Was this all known to the higher union officials, such as Mr. Blakely, who was the vice president?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Mr. Trungale had been there for 20 years, and you have been there, with that local, for a long period of time also. Could all of this have been going on during this period of time without any of the higher officials, the international officials, knowing that this situation existed in Chicago?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. You were never interested, were you, in the wages, hours, or conditions of your employees, of the employees at any of these restaurants, Mr. O'Connor?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Who is Mr. Blakely? Do you know who counsel referred to when he asked you about Mr. Blakely?

Mr. O'CONNOR. He is the international vice president.

The CHAIRMAN. Of this union?

Mr. O'CONNOR. Of the Hotel, Restaurant Employees and Bartenders International Union.

The CHAIRMAN. Do you know him personally?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. You also know Mr. Trungale here?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. You know Mr. Trungale?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. You worked with him for many years, haven't you, associated with him in the union as officials of this union, local 394?

Were you and him not associated together as officials of this union for a number of years?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Is that because you know him, you think it might tend to incriminate you, because you associated with him or because of what you did while an official of the union that you think might tend to incriminate you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

(At this point, Senator Goldwater entered the hearing room.)

The CHAIRMAN. Mr. O'Connor, do you feel any obligation at all to the working men and women whose money you took in as dues and whose money you expended? Do you feel under any obligation whatsoever to them to give an accounting of your stewardship?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. You think if you said either yes or no, that it might tend to incriminate you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you feel like you have betrayed their trust?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. You realize what you are doing, don't you? You are either saying one of two things, in effect: That you have so conducted your official duties that you cannot answer with respect thereto, except at the possible risk of self-incrimination; or that a union, this union, by its nature, its functions, and its objectives, is engaged in practices that you cannot talk about without reflecting upon unionism, as such. Don't you realize that?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Don't you realize that if folks like you and Mr. Trungale here would cooperate with this committee and come in here and come clean and tell us what the facts are, that you would be rendering a great service to the working men and women of this country, some of whom you have had the honor to represent?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Don't you want to repent or relent a little and help us out?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Mr. Kennedy, proceed.

Mr. KENNEDY. I would like to know if you know Claude Maddox, Mr. O'Conner.

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Griffith testified here under oath before the committee that you referred to Claude Maddox in conversations as the big man; that you were going to take him out and introduce Mr. Griffith to Claude Maddox.

Can you tell us what the relationship has been of Claude Maddox with this local?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Why should any of you have any association with somebody like Claude Maddox, Mr. O'Connor?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. He is one of the most notorious hoodlums and gangsters in the Chicago area, or at least he was until he died just a few weeks ago. Why should you, a union official, be saying that you would take Mr. Griffith out to meet him?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, these individuals had control for many years over a great number of employees in the Chicago area. We have uncovered some of the deals that they have made, and instances where obviously the employees were made to suffer.

The fact that this has been going on for such a long period of time is something that should be noted. We could only go back a few years, but this has been going on for at least some 20 years. I think there is at least some satisfaction that these men are finished with their jobs and no longer have control over this union and the funds of the union and the employees that were members of the local.

The CHAIRMAN. Mr. O'Connor, do you know Louis Romano? Do you know him personally?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that the answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to that question that a truthful answer thereto might tend to incriminate you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. I do not believe that that is a valid use of the fifth amendment privilege, unless a witness can state under oath that he honestly believes that if he gave a truthful answer to the question, that a truthful answer might tend to incriminate him.

Therefore, with the permission of the committee, the Chair would order and does order and direct you, as the witness, to answer the question of whether you believe that if you gave a truthful answer to the question, "Do you know Louis Romano?" that a truthful answer thereto might tend to incriminate you. That is an order and direction of the Chair.

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Do you know Claude Maddox?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to that question, a truthful answer thereto might tend to incriminate you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the last question of whether he honestly believes that if he gave a truthful answer to the question of whether he knows Louis Romano, that a truthful answer thereto might tend to incriminate him.

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you know Abe Teitelbaum, or Abraham Teitelbaum?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you know Anthony Champagne? Both of them are lawyers.

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the questions of whether you know Abraham Teitelbaum or whether you know Anthony Champagne, that a truthful answer thereto might tend to incriminate you?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question as to whether you honestly believe that if you gave a truthful answer to the question of whether you know Abraham Teitelbaum or Anthony Champagne, or either of them, that a truthful answer thereto might tend to incriminate you.

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. The order of the Chair will be a continuing order throughout your testimony and while you remain on the stand.

All right. Are there any questions? Senator Ervin.

Senator ERVIN. We are here for the purpose of determining whether any legislation ought to be enacted in the labor-management field. I ask you this question as a Federal legislator, of a citizen of the United States:

Don't you think that Congress ought to pass a law making it a crime for any officer of any union covered by the Taft-Hartley law to practice extortion upon people by abusing his powers as a labor official, and to embezzle funds of the union?

(The witness conferred with his counsel.)

Mr. O'CONNOR. Yes.

Senator ERVIN. That is all.

The CHAIRMAN. Do you have any questions?

Senator GOLDWATER. No questions.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Have you used the union or your position as a union official, have you used that position to extort money from any employer?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully refuse to answer that question on the grounds of self-incrimination.

Mr. KENNEDY. Have you taken any money unlawfully, embezzled any money from the union?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline to answer the question on the grounds of self-incrimination.

Mr. KENNEDY. What about you, Mr. Trungale; have you used the union for the purpose of extortion?

Mr. TRUNGALÉ. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Have you taken or embezzled any money from the union?

Mr. TRUNGALÉ. I respectfully decline to answer the question.

Mr. KENNEDY. On what grounds?

Mr. TRUNGALÉ. On the grounds it may tend to incriminate me.

The CHAIRMAN. The Chair will ask each of you this question. You may answer, each of you. It is directed to each of you.

Were you present here in this Chamber, and did you hear other witnesses' testimony as to your business and methods of operation?

Mr. TRUNGALÉ. I have only been here part of the time, sir.

The CHAIRMAN. You have heard part of it, have you? You have heard part of the derogatory testimony against you?

Mr. TRUNGALÉ. Yes.

The CHAIRMAN. Have you, Mr. O'Connor?

Mr. O'CONNOR. Yes.

The CHAIRMAN. You have heard some of it, at least.

Do you wish to make any statement here denying or explaining any of this derogatory testimony that you have heard against you? That question is directed to each of you, and you may answer it. (The witnesses conferred with their counsel.)

Mr. TRUNGALÉ. No, I—just no.

The CHAIRMAN. You want to let the record stand as it is?

Mr. TRUNGALÉ. Yes.

The CHAIRMAN. We want to be fair. If there is anything said here against you that is wrong, if you want to correct it, if you think it ought to be corrected so a wrong impression will not go out, we want to give you a chance to correct it.

I am giving you that chance now. Do you wish to correct any of this derogatory testimony you have heard against yourself?

Mr. TRUNGALÉ. I decline to answer that question, sir.

The CHAIRMAN. You don't have to decline. Just say, "No." That is the same thing. Wouldn't you think "no" would be just as emphatic as declining to answer?

Mr. TRUNGALÉ. I am not a lawyer.

The CHAIRMAN. I didn't say you were a lawyer. You know the meaning of the word "no," don't you?

Mr. TRUNGALÉ. I decline to answer that question, sir, on the grounds it may tend to incriminate me.

The CHAIRMAN. All right.

Mr. O'Connor, do you want to take advantage of this opportunity to correct any derogatory testimony you have heard against yourself?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I respectfully decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. You will certainly agree to answer this: You agree it is very fair on the part of the committee to give you the opportunity? You agree we are being fair with you?

Mr. O'CONNOR. Yes.

The CHAIRMAN. In spite of our effort to be more than fair, you still decline to answer?

Mr. O'CONNOR. Yes, sir.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. These gentlemen will remain under continuing subpoena.

You will be under recognizance to reappear at such time as the committee may desire further testimony from you, upon reasonable notice being given to you of the time when your further testimony will be required.

Do you agree?

Mr. TRUNGALÉ. Yes.

Mr. O'CONNOR. Yes.

Mr. KENNEDY. Do you have your personal books and records?

Mr. O'CONNOR. Right here.

Mr. KENNEDY. Will you turn them over to the committee?

Mr. O'CONNOR. No, sir.

Mr. KENNEDY. On what grounds?

Mr. O'CONNOR. Under the fifth amendment of the Constitution of the United States, I must respectfully decline.

Mr. KENNEDY. You decline to turn them over?

Mr. O'CONNOR. I decline to turn them over.

Mr. KENNEDY. What about you, Mr. Trungalé?

Mr. TRUNGALÉ. I was never asked to bring any personal records and books.

Mr. KENNEDY. Well, we will take care of that.

Mr. CALLAHAN. I might state for the record that I asked either Mr. Duffy or Mr. Kelly if they wanted records from Mr. Trungalé, and I was advised that they did not. I imagine you will get the same answer.

Mr. KENNEDY. Will you turn them over?

Mr. TRUNGALÉ. No; I won't.

The CHAIRMAN. If requested by the committee, or if they are subpoenaed, will you still decline to turn over your personal records?

Mr. TRUNGALÉ. Yes; I will decline to turn them over.

The CHAIRMAN. Even if subpoenaed by the committee?

Mr. TRUNGALÉ. That is right.

The CHAIRMAN. On what grounds?

Mr. TRUNGALÉ. On the grounds of self-incrimination.

The CHAIRMAN. They would be?

Mr. TRUNGAL. They might tend to incriminate me.

The CHAIRMAN. I see.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right.

With the understanding that you are under recognizance to reappear when needed, you may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Chairman, the last matter is a staff investigator, but I want to put the figures in of the Chicago Restaurant Association which we discussed this morning.

TESTIMONY OF JAMES MUNDIE—Resumed

The CHAIRMAN. You have been previously sworn?

Mr. MUNDIE. I have, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Mundie, have you made a study of the voluntary fund of the Chicago Restaurant Association?

Mr. MUNDIE. I have.

Mr. KENNEDY. You have already put in the figures, have you not, on the income to the Chicago Restaurant Association itself?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. But you have here the income to the Chicago Restaurant Association voluntary fund; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Could you tell us what it has been from 1951? Could you give us each year from 1951 to 1956?

Mr. MUNDIE. In the year 1951, \$152,019.69; 1952, \$139,961.90; 1953, \$144,466.75; 1954, \$194,242.73; 1955, \$178,164.55; 1956, \$163,893.02.

Mr. KENNEDY. Would you give us those again?

Mr. MUNDIE. In 1956?

Mr. KENNEDY. No; start over again.

Mr. MUNDIE. In 1951 it was \$152,019.69; in 1952, \$139,961.90; in 1953, \$144,866.75; in 1954, \$194,248.73; 1955, \$178,164.55; 1956, \$163,893.02; 1957, \$148,013.17; making a total of \$1,121,167.81.

Mr. KENNEDY. That was at the disposal of the Chicago Restaurant Association?

Mr. MUNDIE. That is correct.

(At this point Senator Ervin left the hearing room.)

Mr. KENNEDY. Out of this amount of money, how much did Mr. Teitelbaum receive?

Mr. MUNDIE. \$302,800.

Mr. KENNEDY. And he left their employment in the end of 1953 and then came back for a short time in 1954?

Mr. MUNDIE. That figure is from October 31, 1950, to 1954.

Mr. KENNEDY. Then how much did Mr. Champagne receive out of that?

Mr. MUNDIE. \$83,200.

Mr. KENNEDY. And the rest of the money was used in various ways?

Mr. MUNDIE. That is correct; strike funds and so forth.

The CHAIRMAN. Are there any questions?

Senator GOLDWATER. No questions, Mr. Chairman.

The CHAIRMAN. All right. Thank you very much.

The committee will stand in recess until 10 o'clock in the morning.

(Members of the select committee present at time of recess: Senators McClellan and Goldwater.)

(Whereupon, at 4:53 p. m., the select committee recessed, to reconvene at 10 a. m. Wednesday, July 16, 1958.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JULY 16, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator John F. Kennedy, Democrat, Massachusetts; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were: Senators McClellan and Church.)

The CHAIRMAN. Call your next witness.

Mr. KENNEDY. Mr. Gustav Allgauer.

The CHAIRMAN. You do solemnly swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALLGAUER. I do.

TESTIMONY OF GUSTAV ALLGAUER

The CHAIRMAN. State your name, and your place of residence, and your business or occupation.

Mr. ALLGAUER. My name is Gustav Allgauer, I reside at 6636 Leroy in Lincolnwood, Ill.

The CHAIRMAN. What is your business?

Mr. ALLGAUER. I am president of the Allgauer, Inc. Allgauer, Inc. consists of the Allgauer Restaurant, 6666 Ridge Avenue, and Allgauer Fireside Restaurant, 7200 Lincoln Avenue, and that is burned up. Allgauer's Heidelberg, 14 West Randolph Street.

The CHAIRMAN. Thank you, sir. Do you waive counsel, do you?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. Mr. Allgauer, you have operated the Allgauer's Fireside Restaurant, and the Ridge Avenue Restaurant since 1951?

Mr. ALLGAUER. We ran the restaurant since 1947.

Mr. KENNEDY. And the Fireside since when?

Mr. ALLGAUER. 1951.

Mr. KENNEDY. How long have you been in the restaurant business?

Mr. ALLGAUER. Since 1937.

Mr. KENNEDY. Was your family in it before that?

Mr. ALLGAUER. I am the family.

Mr. KENNEDY. You are the whole family?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. Now, in 1951, were you approached at the Fireside Restaurant about having any of your employees join a union?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. Could you tell us when that happened and what conversations ensued?

Mr. ALLGAUER. Well, they came in and asked if I would like to unionize the place and I said "Yes."

Mr. KENNEDY. Who is it that came in to see you at that time?

Mr. ALLGAUER. The business agent, the name of Lou Kouba.

Mr. KENNEDY. He was a business agent for local 450?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Of the Hotel and Restaurant Employees Union and he came in and said he would like to organize your employees?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. And what was your response?

Mr. ALLGAUER. I said to him "it is all right with me."

Mr. KENNEDY. What happened then? Did you go around and talk to the employees?

Mr. ALLGAUER. He did, and they joined.

Mr. KENNEDY. All of them joined?

Mr. ALLGAUER. At that time it was very small, and we started small.

Mr. KENNEDY. How many employees did you have?

Mr. ALLGAUER. I wouldn't know offhand, and I would say about 40 or 50.

Mr. KENNEDY. Did you agree to put a certain number of your employees into the union?

Mr. ALLGAUER. No, I didn't. He could unionize anybody he wanted to at that time.

Mr. KENNEDY. What happened? Did the employee submit a statement that they wanted to join the union?

Mr. ALLGAUER. No, no statement at all, and he went around and he got so many in the union, and some he didn't get in, and we let that go.

Mr. KENNEDY. Now, isn't it correct that you were the one that submitted the names, Mr. Allgauer?

Mr. ALLGAUER. No, I did not submit the names.

Mr. KENNEDY. You didn't give him 18 or 20 names?

Mr. ALLGAUER. Not in 1951. In 1952 I did.

Mr. KENNEDY. Well, did the employees join up in 1951?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. How long did they remain in the union? Did they come back and see you again in 1952?

Mr. ALLGAUER. Well, they came back every so often and collected dues themselves?

Mr. KENNEDY. How did you submit the names in 1952, and what brought that about?

Mr. ALLGAUER. Well, I imagine it must have been from the payroll book that I gave them the names.

Mr. KENNEDY. In 1952, they came back and asked for some names?

Mr. ALLGAUER. They asked for 20 names of the miscellaneous workers.

Mr. KENNEDY. Where would the miscellaneous workers be employed, where about in your restaurant?

Mr. ALLGAUER. That would be dishwashers mostly, and porters, and things like that.

Mr. KENNEDY. Who came in and asked for the 20 names?

Mr. ALLGAUER. The same man, Mr. Kouba.

Mr. KENNEDY. Did you then furnish him 20 names?

Mr. ALLGAUER. Yes, and I talked with Chicago, and we did give him 20 names.

Mr. KENNEDY. You talked to those employees prior to furnishing their names?

Mr. ALLGAUER. I did not.

Mr. KENNEDY. You just gave them the list of 20 names?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. How much money did you give him at that time?

Mr. ALLGAUER. One-hundred and eighty dollars. We didn't have 20 names of these workers, and so I gave him 2 bakers, and a pantry-man I have been told, and they held the cards from 1952.

Mr. KENNEDY. You had to give him some other than miscellaneous workers because you didn't have 20 workers in that category?

Mr. ALLGAUER. At that time, that is right, they were there.

Mr. KENNEDY. Did you have to bargain back and forth as to how many people you would give, and had he wanted more originally?

Mr. ALLGAUER. Originally they wanted more, but I got it down to 20.

Mr. KENNEDY. Was he satisfied with 20?

Mr. ALLGAUER. He was satisfied then with 20.

Mr. KENNEDY. And at that time, which was October 31, 1952, you gave him \$220, isn't that right? I think your records showed you gave him \$220.

Mr. ALLGAUER. That is right.

Mr. KENNEDY. He had originally asked for how much money?

Mr. ALLGAUER. Well, I think they wanted about \$500 or something like that. I wouldn't want to make a statement because I am not too sure but I know it was more.

Mr. KENNEDY. And you finally were able to get him satisfied with just \$220?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Well, did you ever make any kind of a contract with the union at that time?

Mr. ALLGAUER. In 1956, you mean?

Mr. KENNEDY. In 1952.

Mr. ALLGAUER. No contract.

Mr. KENNEDY. Had you given him any money when he came before that in 1951? 1952 was the first time?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Why did you give him money at that time, Mr. Allgauger, and why did you make this payment to him?

Mr. ALLGAUER. In 1952, you mean?

Mr. KENNEDY. Yes.

Mr. ALLGAUER. Well, they came in and they said that they don't get enough money out of this place, and with all of the employees we had, and I believe they said they had different places and the same kind of arrangement as he offered me, and they were all going along, and so I figured, well, in order to have peaceful and nice relations, \$180 wasn't going to kill me.

Mr. KENNEDY. Everybody else was going to do it, and you figured you had better do it, too?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Did he mention anything about a picket line?

Mr. ALLGAUER. No.

Mr. KENNEDY. He didn't mention a picket line?

Mr. ALLGAUER. No.

Mr. KENNEDY. You just felt that everybody else was doing it and you had better pay, too?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. You furnished him this list of 20 employees, and did he ever come back to discuss wages and hours or conditions?

Mr. ALLGAUER. Never, no.

Mr. KENNEDY. Did you periodically make payments to him after that?

Mr. ALLGAUER. Every 3 months.

Mr. KENNEDY. That would be about \$180 every 3 months.

Mr. ALLGAUER. Until 1956.

Mr. KENNEDY. The next payment according to your records was \$180 on June 30, 1953. Did you make any payments between October 31, 1952, and June 30, 1953? Did you give him any cash?

Mr. ALLGAUER. I never gave him cash, and I always paid by check.

Mr. KENNEDY. Always by check?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. And then on September 28, 1953, \$180, and December 29, 1953, \$180. June 4, 1954, \$180. November 5, 1954, \$180. November 28, 1954, another \$180. April 25, 1955, \$180. September 15, 1955, \$180. December 13, 1955, \$180. June 29, 1956, \$180.

Then did it go up after that, in 1956?

Mr. ALLGAUER. To \$210.

Mr. KENNEDY. To \$210?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. You paid them on November 21, 1956, you paid him \$210; is that right?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. And you followed that procedure of paying him \$210 every 3 months up to the present time?

Mr. ALLGAUER. Up to the fire.

Mr. KENNEDY. Now, you spoke also of having another restaurant, the Allgauer's Ridge Avenue Restaurant?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Were you ever approached there about making payments to the union?

Mr. ALLGAUER. Yes, I was.

Mr. KENNEDY. When was that?

Mr. ALLGAUER. I am not sure.

Mr. KENNEDY. In 1953?

Mr. ALLGAUER. Yes, late in 1953.

Mr. KENNEDY. How many employees did you have at the Ridge Avenue Restaurant?

Mr. ALLGAUER. They asked me for the miscellaneous workers.

Mr. KENNEDY. They wanted the miscellaneous workers?

Mr. ALLGAUER. And I put 8 of those in the union, and I gave them 8 names.

Mr. KENNEDY. That was to local 593; is that right?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. And was any contract signed with that local regarding these employees?

Mr. ALLGAUER. With these employees, no.

Mr. KENNEDY. Was there ever any discussion of wages and hours or conditions of employment?

Mr. ALLGAUER. No.

Mr. KENNEDY. The union official just wanted this payment and the dues money or the initiation fees?

Mr. ALLGAUER. We all like that.

Mr. KENNEDY. That is what they wanted at that particular time?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. There was never any discussion about the employees themselves, as to the condition of their work?

Mr. ALLGAUER. No.

Mr. KENNEDY. How much money did you pay then to local 593?

Mr. ALLGAUER. I gave you the record, and I think it is \$64.

Mr. KENNEDY. I think it is \$56.

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. On November 30, 1953, you first paid \$56; is that right?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. And then January 1954, \$56, and April of 1954, \$56. July 28, 1954, \$56. September 1954, another \$56, and in November 1954, \$56.

February 3, 1955, \$56. March 15, 1955, \$56. May 1955, \$56. July 1955, \$56. September 1955, \$56. November, \$56. February, \$56. March 1956, \$56, and May, \$56.

You paid every 3 months.

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. Was there ever any benefit for your employees in either the Allgauer's Fireside Restaurant, or in the Ridge Avenue Restaurant because of these payments?

Mr. ALLGAUER. I talked to Chicago, and they told me they had one of those books at the Fireside Restaurant, and they were supposed to get letters, and I couldn't tell you about that.

Mr. KENNEDY. But the only benefit that you know of would be after they died?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. As far as their present employment or present wages or hours or conditions, there was no benefit by joining the union?

Mr. ALLGAUER. Well, Mr. Kennedy, I do think if a man would have been a cardholder and he would have gotten sick, he would have one

of those books, and they had to take him to the hospital, they might have paid that, but I couldn't think of a case.

Mr. KENNEDY. Did you inform the employees on whose names you were paying these initiation fees and dues that they were actually members of the union?

Mr. ALLGAUER. We did that at the beginning when we got the books. After we got the books in—

Mr. KENNEDY. When did you get the books?

Mr. ALLGAUER. I think a month later or so.

Mr. KENNEDY. Isn't it correct that you didn't inform them until 1956, some 3 years later?

Mr. ALLGAUER. Something like that.

Mr. KENNEDY. About 3 years later, and they didn't know during that period?

Mr. ALLGAUER. Most of them didn't.

Mr. KENNEDY. And a number of them didn't know. We have a deposition from one of the employees that you might want to read.

The CHAIRMAN. Do you have an employee named Walter H. Claassen?

Mr. ALLGAUER. Yes, sir.

The CHAIRMAN. Where does he work?

Mr. ALLGAUER. He was the manager of Fireside Restaurant.

The CHAIRMAN. Is that located at 7200 North Lincoln Avenue?

Mr. ALLGAUER. Yes.

The CHAIRMAN. We have an affidavit from Mr. Claassen, and it may be printed in the record in full at this point. I will read the pertinent paragraphs of it.

(The document is as follows:)

I, Walter M. Claassen, who reside at 5135 More Avenue, Skokie, Ill., make the following statement to James P. Kelly, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. I make this statement freely and voluntarily, and I have received no promise of immunity from any consequences which may result from the submission of this statement to the aforementioned Senate select committee.

I have been employed as a manager at Allgauger's Restaurant, located at 7200 North Lincoln Avenue, Lincolnwood, Ill., since 1951. Some time in June 1956 I was visited by a representative of Suburban Local 450 of the Restaurant Workers Union whom I knew at the time only by the name "Lou."

He asked me for the names of about 20 employees who were working in the kitchen at the time. When I asked the reason for this request he informed me that Mr. Allgauger, my employer, was paying the union dues for approximately this number of employees and that he, Lou, wanted their names so that he could put them in the union. When I informed him that there might not be 20 employees working in the kitchen at that time he said, "O. K., just give me any old names. The boss pays for it so they shouldn't worry as long as they get the benefits."

I gave him the names of approximately 20 employees who were working there at the time. I do not recall the names of all the employees I gave him in June 1956 since some of them are no longer employed here. On a subsequent date, Lou gave me approximately 20 small black union dues books with the names, social security numbers, and initiation dates of the employees whose names I furnished him.

The only remaining dues book in my possession I showed to Committee Investigator James P. Kelly on February 24, 1958, in my office. It contained the name of Jack Kinney, SSN 349 10 3023, who left our employ about a year ago. I do not know his present whereabouts. From time to time the other employees whose

books I kept in my desk would bother me about seeing their books with the dues stamps in them. I finally gave them the books and told them to keep them.

To the best of my recollection there has been no contact between this union representative "Lou" and any of the employees whose names I furnished him.

WALTER M. CLAASSEN.

Witness:

JAMES P. KELLEY.

Sworn and subscribed to before me this 4th day of March 1958.

(s) ETHEL APPEL, *Notary Public*.

My commission expires November 12, 1960.

(At this point, Senator Curtis entered the hearing room.)

(At this point, the following members were present: Senators McClellan and Church and Curtis.)

Does that affidavit state the facts so far as you know them?

Mr. ALLGAUER. It is a little strong but it is all right.

The CHAIRMAN. It is pretty strong!

Mr. ALLGAUER. Yes.

The CHAIRMAN. What is strong about it?

Mr. ALLGAUER. I don't know if he said "Give me any old name," I don't know if he said that or not. But I mean I did not hear it.

The CHAIRMAN. Is there anything in there that you know to be untrue?

Mr. ALLGAUER. No, I imagine it is all right.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. I want to ask Mr. Duffy, who made an examination of the books and records of the union, a question, Mr. Chairman. It would appear from this affidavit that although Mr. Allgauer furnished the names in 1953, that these individuals were not in fact placed in the union until 1956. I would like to ask Mr. Duffy if he has any information regarding this matter.

The CHAIRMAN. Mr. Duffy, did you examine the books of these unions?

Mr. DUFFY. Yes, Mr. Chairman.

The CHAIRMAN. All right, state what you found with reference to these employees of the Allgauer Restaurant.

Mr. DUFFY. We examined the books of local 450, the suburban local of Chicago, to determine if the 20 employees were actually put in the union when Mr. Allgauer started paying his dues in 1952. From an examination of those records, we do not find any indication that those employees were actually put in the union until 1956, when Mr. Claassen submitted the names of 20 employees and the books were furnished.

The evidence indicates that the employees that were actually put in the union in 1956, some of those were with you in 1952. On the application cards, it indicates that those people were marked as being initiated into the local in 1956. If they had actually been put in the union in 1952, it would have been noted on their application cards, which further indicates that they were not put into the union until 1956.

The CHAIRMAN. Mr. Duffy had been previously sworn and the statement has been made under oath.

Mr. KENNEDY. So this was, once again, a source of income or what amounts to a shakedown?

Mr. DUFFY. It seems to be that.

The CHAIRMAN. In other words, for about 3 years you were just paying off and they did not have the name of any of your employees or any record of it. Did you know that was going on?

Mr. ALLGAUER. I didn't know it for sure or not. I know it now.

The CHAIRMAN. You had a strong suspicion that is the way the game was being operated, didn't you?

Mr. ALLGAUER. Yes.

The CHAIRMAN. That is the way you felt about it?

Mr. ALLGAUER. Yes.

Mr. KENNEDY. Just taking the names, of course, would not be sufficient. That would perhaps give it a shade of legality, and that existed after 1956. But prior to 1956, this was just a pure unadulterated shakedown.

The CHAIRMAN. They didn't even have the names prior to 1956. There is no record, as I understand it.

Mr. DUFFY. They apparently received the names, but there is no indication in the union records that those people were actually put into the union until 1956.

The CHAIRMAN. That is what I am talking about. The union records do not reflect that a record was made of their entrance into the union or that they were carried as members of the union.

Mr. DUFFY. That is correct.

Senator CHURCH. Mr. Allgauer, you have indicated that in 1952, when you commenced to pay \$180 at given intervals, that the purpose for that payment, as far as you were concerned, was to buy peace, to keep your restaurant out of troubles. Wasn't that the case?

Mr. ALLGAUER. I would say so.

Senator CHURCH. Then in 1956, the price went up to \$210. What was the occasion for the rise in price? Inflation?

Mr. ALLGAUER. The dues went up. Inflation.

Senator CHURCH. Inflation.

The CHAIRMAN. All right.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I would like to know whether or not we are dealing with a minority situation in the Chicago restaurant business, or whether or not there are restaurants in Chicago that are unionized by nonracketeering unions. By a nonracketeering union, I mean other than the kind we have been hearing about. I am referring to the union that does represent the intentions and wishes of the people who work in the establishment and does not engage in any of this.

Do you know?

Mr. ALLGAUER. Well, my Ridge Restaurant comes under local 25 downtown, a downtown local. But I would say this, that they have operated, as I could see, 100 percent correct.

Senator CURTIS. In other words, in your dealings with them, they have shown no evidence of corruption. Is that what you are referring to?

Mr. ALLGAUER. That is right, sir.

Mr. KENNEDY. But, Mr. Allgauer, you are still making payoffs on the Ridge Restaurant.

Mr. ALLGAUER. But they have names.

Mr. KENNEDY. Those employees don't know about it.

Mr. ALLGAUER. Yes; they have the cards.

Mr. KENNEDY. Out of the 8 employees, only 2 are still there. You were paying at the time we went in and examined your records, in answer to Senator Curtis, only 2 out of the 8 employees were working for you.

Mr. ALLGAUER. My manager in Chicago, what operates and manages the Ridge Restaurant, he claims they are exchanging names with somebody that is not there any more.

Mr. KENNEDY. At the time that we went in and examined your records, you were paying on 6 out of the 8 people who were not even employed at your restaurant. Again, it is just a shakedown, and it is strictly forbidden by law. It is a criminal offense.

Senator CURTIS. Even in that situation, in your downtown restaurant, the individual that you have to deal with is the union boss who does not work in your restaurant; isn't that correct?

Mr. ALLGAUER. That is correct.

Senator CURTIS. I think there is something here that we must keep in mind always, that the right to organize and bargain collectively is a right that belongs to the workers. It is not a right that belongs to the union, it is not a right that belongs to the union bosses. It is an inherent right in employees. These outside racketeers, in my opinion, have no rights, because they are not employees, and they are not chosen representatives of employees.

I would like to ask the staff: Are there any restaurant unions in the Chicago area that have not engaged in the gross misconduct that we have been hearing here?

Mr. KENNEDY. I am sure there must be some, Senator.

Senator CURTIS. What I mean, is it a citywide problem, pretty much?

Mr. KENNEDY. It is a citywide problem. I am sure there are some that are perfectly run and that are not making these kinds of pay-offs or forced to make these kinds of payoffs. I don't believe we found any, but I am sure that there are some. Of course, we have not gone into all of the local unions, Senator.

Senator CURTIS. I understand that. I think that creates a real problem. Here there might be an individual who is trained and experienced and wants to start a restaurant in the Chicago area.

He is faced at the start with whether he must either make his peace and pay the tribute to an unlawful combine that does not represent employees or go through all the trouble of fire, harassment, strikes, pickets, and secondary boycotts. I think it is a very serious situation.

That is all, Mr. Chairman.

Mr. KENNEDY. Senator, so that we get a correct perspective, we had a relatively small staff. There are thousands of restaurants and a number of different unions in Chicago. Of course, we could not go into every one of them or make an examination of the books and records of every local in Chicago. So our sampling is relatively minor.

Senator CURTIS. How long have you lived in Chicago?

Mr. ALLGAUER. Since 1927.

Senator CURTIS. How long have you been in the restaurant business?

Mr. ALLGAUER. 1937.

Senator CURTIS. 19—when?

Mr. ALLGAUER. 1937.

Senator CURTIS. In your visiting around with other restaurant owners, are they all pretty much faced with the same problem you are, so far as unions are concerned?

Mr. ALLGAUER. I don't go around to different restaurant owners.

Senator CURTIS. You couldn't have any friends among them?

Mr. ALLGAUER. Yes; I have a lot of friends.

Senator CURTIS. That is what I mean, among your friends in the restaurant business, has their experience with unions been maybe not as severe but in dealing with them—

Mr. ALLGAUER. It is about the same thing.

Senator CURTIS. That is what I want to know. That is all.

Mr. KENNEDY. Mr. Chairman, I would like to ask Mr. Gotsch about the situation as far as the number of employees in the restaurant.

The CHAIRMAN. Mr. Gotsch has been previously sworn. You may make your statement, Mr. Gotsch.

Mr. KENNEDY. First, Mr. Gotsch, regarding the Fireside Restaurant, did you examine the list of those on whom Mr. Allgauer is paying this money?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. The names on whom Mr. Allgauer is paying the money?

Mr. GOTSCH. Yes.

Mr. KENNEDY. How many is he paying on?

Mr. GOTSCH. Approximately 20.

Mr. KENNEDY. How many are still employed?

Mr. GOTSCH. I could only find 6—3 cooks and 3 miscellaneous workers.

Mr. KENNEDY. And the cooks do not belong in that union anyway?

Mr. GOTSCH. That is right. They should belong to the Cooks' Union instead of the miscellaneous.

Mr. KENNEDY. But out of the 20 on whose names the dues are being paid, there are only 6 that are still employed there, is that right?

Mr. GOTSCH. That is right.

Mr. KENNEDY. Mr. Allgauer has other employees in the restaurant who are members of other unions, is that right?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. And they are paying the dues themselves?

Mr. GOTSCH. That is right.

Mr. KENNEDY. That is a proper procedure in that restaurant as far as these employees paying their own dues, is that right?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. Could you tell us what the situation is as far as whether the union is enforcing the contracts or is insuring that the employees are being paid union scale?

Mr. GOTSCH. Well, there is a total of 149 employees at the Fireside Restaurant, 73 are union. Of that 73, 56 are paid below union scale.

Mr. KENNEDY. Would you give me that again, please?

Mr. GOTSCH. Of the 149 employees at the Fireside Restaurant, 73 are union.

Mr. ALLGAUER. I have here a letter before me from my secretary that came yesterday; 150 employees, 83 employees which are actual union members.

Mr. KENNEDY. I don't think there is much difference in the figure.

Mr. ALLGAUER. It is 83.

Mr. KENNEDY. What time was this?

Mr. GOTSCH. This is the March payroll.

Mr. ALLGAUER. This is the March 30.

The CHAIRMAN. What does the March payroll show?

Let's get that in the record and if you have later information on it, we will take that.

What does the March record show with respect to the employees?

Mr. GOTSCH. As I said before, in the restaurant categories, and it does not include musicians, it is 149 employees, and 73 are union and 76 are nonunion; 56 union employees are paid below scale.

The CHAIRMAN. How many?

Mr. GOTSCH. Fifty-six. A majority of those, Senator, are waitresses.

The CHAIRMAN. Fifty-six of the seventy-three are paid below union scale?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. How many of the 76 nonunion are paid below union scale? Do you have that figure?

Mr. GOTSCH. Yes; I do. Thirty-five.

Mr. KENNEDY. So percentage-wise you are doing better if you are not a member of the union as far as getting union scale?

Mr. GOTSCH. According to these figures.

The CHAIRMAN. What does your letter show as of now?

How many employees do you have now?

Mr. ALLGAUER. It shows here I have 150 employees; 83 employees which are actual union members.

The CHAIRMAN. 83 are union members?

Mr. ALLGAUER. Yes.

The CHAIRMAN. Do you have any further information?

Mr. ALLGAUER. No, not right now. We will come to it after a while.

Mr. KENNEDY. Do you know how many of those are paid below union scale?

Mr. ALLGAUER. I haven't got that in there.

Mr. KENNEDY. Do you know what the union scale is?

Mr. ALLGAUER. 67 cents.

Mr. KENNEDY. Do you know for all your employees?

Mr. ALLGAUER. I know that since last Friday. I did not know when I left.

Mr. KENNEDY. You did not know until you arrived here?

Mr. ALLGAUER. Until I left Chicago. My headwaiter that works for me now from the Heidelberg downtown, I said, "We always pay union scale, don't we?" And he said, "No, Mr. Allgauer, we are off a little bit."

I think it is 6 cents an hour, is that right?

Mr. KENNEDY. Doesn't the union representative ever speak to you?

Mr. ALLGAUER. Never in my life, no, sir.

Mr. KENNEDY. Of any of the employees, they never speak to you about it?

Mr. ALLGAUER. No, sir.

Senator CHURCH. In other words, you found out what the union scale was when you left Chicago Friday to come here to Washington?

Mr. ALLGAUER. That is right.

Mr. KENNEDY. Could you tell us at the Allgauer Restaurant what the cost would be to Mr. Allgauer if he had to pay union scale?

Mr. GOTSCH. If he was paying union scale to the people paid below union scale at the Fireside would be \$14,700.

Mr. KENNEDY. He would have to pay \$14,700 more if he was paying union scale?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. Was that on all the employees?

Mr. GOTSCH. That is on all the employees.

Mr. KENNEDY. That would be on the ones who are nonunion as well as the ones who are union?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. On the 56 who are union as well as the others?

Mr. GOTSCH. As well as the 35.

Mr. ALLGAUER. May I talk to Mr. Gotsch for a while? Is it all right with you?

The CHAIRMAN. You may make any statement or ask any questions for information, if you desire.

Mr. ALLGAUER. Thank you, sir.

You are talking right now about I would save \$14,000 a year. I have paid above union wages and union wages until up to 2 years ago. As long as you are so handy with figures, do me a personal favor, I am not. Will you mark down what I tell you, please? Starting 1952, starting 1951, until up to now, I paid every year a bonus at Christmas time amounting to an average of \$33,000 a year.

The CHAIRMAN. Amounting to what?

Mr. ALLGAUER. An average of \$33,000.

The CHAIRMAN. An average of \$33,000 a year.

Mr. ALLGAUER. Yes; that is right.

The CHAIRMAN. You have paid that in bonuses?

Mr. ALLGAUER. In bonuses.

The CHAIRMAN. To your employees?

Mr. ALLGAUER. Yes, sir, to my employees. As I said, I paid union wages and above until 2 years ago.

The CHAIRMAN. Until 2 years ago?

Mr. ALLGAUER. Yes, sir.

The CHAIRMAN. You paid union wages?

Mr. ALLGAUER. And above. And above.

The CHAIRMAN. How do you know you were if you didn't know what union scale was? I thought you didn't find out until last Friday.

Mr. ALLGAUER. But I checked it up until 2 years ago. That is what happened up until 2 years ago. I am under oath, and my statements are correct.

The CHAIRMAN. We want to get the record correct, but I had understood you to say that you did not know what union scale was until last Friday.

Mr. ALLGAUER. In 1951, I took out a group insurance for all of the employees what were in my employ for 6 months. After 6 months they were entitled to that group insurance. The insurance was taken——

The CHAIRMAN. That is something that you set up for them yourself?

Mr. ALLGAUER. Yes, sir. The group insurance was taken out from John Hancock.

The CHAIRMAN. Their situation in that respect has not been improved any by reason of the fact that they have been put in the union.

Mr. ALLGAUER. During the time——

The CHAIRMAN. The union did not require you to do that for them?

Mr. ALLGAUER. No, sir, that was my own free will.

The CHAIRMAN. You did it yourself?

Mr. ALLGAUER. Yes, sir.

The CHAIRMAN. And the union has not undertaken to bargain with you at any time with respect to their wages or working conditions? The union has never come in and said "Look, here, we want to look over your situation, how you are treating your employees, to see that you are doing the right thing for them," and the union has never done that, have they?

Mr. ALLGAUER. Not 450.

The CHAIRMAN. Not local 450. What are some of the other locals where you have some of your men?

Mr. ALLGAUER. Local 25.

The CHAIRMAN. Local 25?

Mr. ALLGAUER. Yes, sir, a Chicago local.

The CHAIRMAN. Have we investigated local 25? Well, we don't have that. What about 593 and 450? Has 593, any of its representatives, ever interested themselves in your wages or working conditions of your employees?

Mr. ALLGAUER. No, sir.

The CHAIRMAN. Have you ever signed a contract with 593?

Mr. ALLGAUER. No, sir.

The CHAIRMAN. Or with 450?

Mr. ALLGAUER. No.

The CHAIRMAN. Have they ever undertaken to negotiate a contract with you?

Mr. ALLGAUER. I don't think they have.

The CHAIRMAN. In other words, they have not been concerned about anything except getting the money?

Mr. ALLGAUER. No, sir.

The CHAIRMAN. Am I correct?

Mr. ALLGAUER. You are correct.

The CHAIRMAN. Do you know of anything they have been concerned about except getting the money?

Mr. ALLGAUER. That is about it.

The CHAIRMAN. That is about it.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Mr. ALLGAUER. But I would like to counteract this case. I mean, I am here. I had enough trouble in the last 2 months and enough

damage was done to me and I don't take any home from here, as long as I am in the right. It is just like you said about the \$14,000 here. I mean, I have a right to do that, haven't I?

The CHAIRMAN. You have.

Senator CURTIS. I think you have.

Mr. ALLGAUER. All right, sir.

Mr. KENNEDY. Mr. Allgauer, one of the major points is that these people are employed there and the union is supposed to endorse that. The union did not see fit to. Maybe their wage scale is all wrong, maybe it should be different for each restaurant. I don't know that. But this is what the figures show. That is all we are putting into the record. On each restaurant owner we have made an examination of the books and records and some of them are paying union scale and some are not. It is only fair that we put the figures into the record and you make any explanation you want.

The CHAIRMAN. Let the Chair point out this: It may not be any reflection on you whatsoever. The reflection here is upon a union that pretends to represent the interests and welfare of the workers, who show no interest, have no regard for their welfare, and are only concerned with a shakedown that gets money.

The reflection primarily is on the union.

Mr. ALLGAUER. Yes, sir, Senator, but I am on television.

The CHAIRMAN. You are what?

Mr. ALLGAUER. I am on television.

The CHAIRMAN. All right, take advantage of it.

Mr. ALLGAUER. And I got thousands of people in Chicago, in the great city I come from, that is my friends. I like them to know it, too.

The CHAIRMAN. All right.

Mr. KENNEDY. Go ahead.

Mr. ALLGAUER. As I said, I took the John Hancock insurance out for all those employees that worked there for over 6 months. I changed that around 4 years later to the Prudential. In those years, we paid out in sick benefits, when girls got sick and boys got sick, over \$20,000. We just paid out not long ago for one man that died, and his wife got \$1,500. One man lost his leg, with hospitalization and everything, that must have run \$15 or \$1,800. But I always seen to it that my employees who were steady employees were in every way 100 percent got their benefits as they are supposed to have them if they get sick or something should happen to them.

The CHAIRMAN. In that connection now, since they are in the union, some of them, they have received no additional benefits in any way by reason of the fact that they are in the union.

Mr. ALLGAUER. Yes, 2 years ago I took out a health and welfare fund from the union, and I am paying now the health and welfare fund.

Besides that, as of March 30, I still carry 28 of my employees under Prudential from my Ridge Avenue Restaurant, and I still carry 42 on the Prudential from the Fireside Restaurant as of March 30.

The CHAIRMAN. What I am trying to clarify is whether you did that of your own initiative because you wanted them to have it, or whether the union required you to do it. Which?

Mr. ALLGAUER. No, we signed a contract on the health and welfare 2 years ago.

The CHAIRMAN. You signed a contract on the health and welfare 2 years ago?

Mr. ALLGAUER. Yes, sir.

The CHAIRMAN. Did you do that of your own volition or did the union require you to do it?

Mr. ALLGAUER. No, that was an agreement with all the union operators.

The CHAIRMAN. You came in with all the union operators?

Mr. ALLGAUER. Definitely.

The CHAIRMAN. In other words, you would not have done that except for the fact that the union required you to do it?

Mr. ALLGAUER. Well, we were a group of 60 to 70 union operators at the meeting, and there was a group in there that would rather strike than go into it, and there was another group in there that rather would not strike and accept it. I was one of the group who did not want to strike and I accepted the health and welfare.

The CHAIRMAN. In other words, you were threatened with a strike?

Mr. ALLGAUER. No. One of our own—we had two groups. Half of the group, about half, were for a strike, that we strike, rather than take the health and welfare. The union did not threaten us with a strike at all. But I was for the health and welfare. So we won out and we got the health and welfare.

The CHAIRMAN. I still don't know. I still don't know whether some of your employees now have the benefit of the health and welfare fund by reason of the fact that they are in the union or by reason of the fact that you wanted to make that arrangement for them of your own volition.

Mr. ALLGAUER. They are sending a statement out every 6 months from the health and welfare. There are, I think, two restaurant operators on the board, and this thing is on the up and up.

The CHAIRMAN. Are all of your employees in the health and welfare funds?

Mr. ALLGAUER. All my union employees are in the health and welfare.

The CHAIRMAN. Then are you carrying health and welfare on a lot of people not working for you?

Apparently you are paying dues here on people not working for you.

Mr. ALLGAUER. No, Senator, those 20 names are not on there. Everybody else is.

The CHAIRMAN. I can't understand. Am I correct that some of the people that he has been paying on are not even working for him?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Are you paying health and welfare dues on them?

Mr. ALLGAUER. No, I don't.

The CHAIRMAN. Do you have a separate list that you pay on?

Mr. ALLGAUER. Those 20 names that I submitted, and those 20 books, on those 20 books we don't pay no health and welfare.

The CHAIRMAN. You don't pay no health and welfare?

Mr. ALLGAUER. Not on those 20 books.

The CHAIRMAN. Where is the list of names of those that you do pay on, if it is not the same list?

Mr. ALLGAUER. Well, we got the regular—we got our payroll book.

The CHAIRMAN. You may have it. You may be paying welfare fund. I am not arguing about it, except I am trying to determine whether it is a result of their being in the union.

Mr. ALLGAUER. In every place I have a shop steward.

Mr. KENNEDY. Maybe I can try to clear it up. He has some employees who are legitimately members of unions, who pay their own dues. Then there is this other arrangement regarding the miscellaneous workers in a union that has been under study by this committee, local 593, where they have just taken 20 names and stuck them in and he has made the periodic payment. On the people who are members of unions legitimately, who actually pay their own dues, those people have the health and welfare.

Is that right, Mr. Allgauer?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. But the ones where he selected the 20 names in one instance and 8 names in the other restaurant, there is not health and welfare for those.

So they are not getting that from local 593. As you point out, some of those people are not still working.

Senator CHURCH. Mr. Allgauer, I wonder if I might summarize this. Tell me if I am wrong, because I want to understand your testimony. In the first place, let me emphasize that this committee is not endeavoring in any way to show that you have not been entirely fair with your employees. You may be a very generous employer.

The purpose of this inquiry is to determine whether or not the unions that you are paying dues to on behalf of certain lists of employees are, in fact, representing those employees or are merely involved in a shakedown racket.

Did I understand you to say that between 1951 and up until 2 years ago, that you paid your employees generally at or above union scale by virtue of Christmas bonuses that you gave and these Christmas bonuses aggregated approximately \$33,000 a year?

Mr. ALLGAUER. Yes, sir.

Senator CHURCH. And in addition, was it during this same period—that is, from 1951 up until 2 years ago—that you also provided insurance including sick benefits, and that over \$20,000 was paid out to your employees under the sick benefits?

Mr. ALLGAUER. That is correct, sir.

Senator CHURCH. And then about 2 years ago you entered into an arrangement with the union involving those employees that are actually paying dues on their own, which gives those employees the health and welfare benefits of the union program?

Mr. ALLGAUER. That is correct, sir.

Senator CHURCH. But, in addition, you continue to maintain certain insurance coverage for other employees that are not covered by the health and welfare?

Mr. ALLGAUER. Some of those are covered by health and welfare and some are not.

Senator CHURCH. And some are not. Do you continue or have you continued, since making the health and welfare arrangement with

the union some 2 years ago, any other insurance program for employees who are not covered under the health and welfare arrangement?

Mr. ALLGAUER. I have.

Senator CHURCH. I thought this ought to be brought out merely to emphasize, because you are on television, and I suppose that a great many people in Chicago are watching. I think it ought to be made clear that the purpose of this committee is not to indict you for unfair practice with respect to your employees; what we are interested in is determining the kind of union representation these employees are getting and the kind of practices that certain locals are engaged in with respect to restaurants in Chicago.

Mr. ALLGAUER. I myself do not believe that every restaurant should have the same contract. Now I will just give you a picture why. I saw yesterday, I was here at this session—I had nothing else to do so I spent a little time here, and I saw different operators. I show you the scope of my operation. I have 6,800 of my own charge accounts out. I got an IBM machine in my office to cope with them. People come in my place, they sign, a lot of them. When they sign, the waitress gets a pretty good tip, usually—I think better than the average restaurant. When they put the tip right on the check, we pay it out and we wait for the money. It is entirely a different operation than most other operations. So a waitress in my place does a darn sight better than she does in most places.

Senator CHURCH. Other restaurant owners have also pointed out the differences between the restaurants and the different compensations that waitresses obtain by virtue of the kind of business being done in different restaurants.

Mr. ALLGAUER. Mr. Gotsch was in my place in Chicago. Mr. Gotsch, did you have food there? Did you eat?

Mr. GOTSCH. No; I did not.

Mr. ALLGAUER. Mr. Duffy, you ate there, didn't you?

Mr. DUFFY. It is very fine food.

Mr. ALLGAUER. Mr. Duffy, how about the surroundings?

Mr. DUFFY. I beg your pardon?

Mr. ALLGAUER. How were the surroundings?

Mr. DUFFY. It is a very beautiful restaurant.

Mr. ALLGAUER. And the service?

Mr. DUFFY. It was a beautiful restaurant.

Mr. ALLGAUER. It was. Thank you. Don't you think in a place like this, Mr. Duffy, you tip an extra 10 cents?

Mr. DUFFY. I think you are right. I would.

Mr. ALLGAUER. You would. You did. That is fine.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I think there are a number of things about your operation that indicate your fairness to your employees. This bonus, do you usually pay that at Christmastime?

Mr. ALLGAUER. Yes, sir.

Senator CURTIS. And does it reach all classes of employees? I presume there are people that come to a restaurant and they want to work and work a few days and then they go on and no one knows where they are. But I am referring to those people who come and seek work and perform their work satisfactorily and continue on and

stay with the job. All of such people have a chance to share in the bonus, do they?

Mr. ALLGAUER. Yes, sir; we give bonuses to dishwashers, if they are steady. We even pay dishwashers vacations when they are steady.

Senator CURTIS. And the same is true of the group insurance that you provide?

Mr. ALLGAUER. That is definite.

Senator CURTIS. In other words, if the employee continues on and does satisfactory work, he has been entitled to share in these things?

Mr. ALLGAUER. Absolutely.

Senator CURTIS. And that is true of the sick benefits also?

Mr. ALLGAUER. Yes, sir.

Senator CURTIS. Now, I want to ask you this: Has anybody been paid any benefits out of the union health and welfare fund?

Mr. ALLGAUER. Yes.

Senator CURTIS. Have any of the workers gotten any benefits?

Mr. ALLGAUER. Definitely.

Senator CURTIS. They have?

Mr. ALLGAUER. Yes, sir.

Senator CURTIS. Does management have anything to do with the handling of those funds that are paid in?

Mr. ALLGAUER. The management is on the board, also.

Senator CURTIS. It is a joint board?

Mr. ALLGAUER. Definitely.

Senator CURTIS. I agree with you that it cannot be said that a failure to pay an alleged union scale means a saving of a certain amount of money, so many thousand dollars, 14 or anything else, because there may be other forms of pay that offset that, such as bonuses, sick benefits, and group insurance. Do you happen to know whether this insurance is such that, if one of your employees is under it for several years and would move away, they can convert their policy into something?

Can they? Do you know that?

Mr. ALLGAUER. I don't think so. They can take it out. When they come back to Chicago, they get reendorsed.

Senator CURTIS. And there are other situations where an established wage scale is absolutely endorsed and it may result in fewer employees. Not always, but sometimes you have that situation.

I thoroughly agree with you that it cannot be said that the failure to adhere to a schedule which obviously is one designed for all restaurants can mean a saving in all cases. It might in some cases, but not in all.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Did you also make an examination, Mr. Gotsch, of the other restaurant, the Ridge Restaurant?

Mr. GOTSCH. I did, sir.

Mr. KENNEDY. Will you tell us how much more Mr. Allgauer would have to pay if the union enforced its wage scale there?

Mr. GOTSCH. \$5,600 annually.

Mr. KENNEDY. How many employees are there?

Mr. GOTSCH. This involves 70 employees at his Ridge Restaurant. It is a little smaller.

Mr. KENNEDY. How many are union and how many nonunion?

Mr. GOTSCH. There are 47 union members, of whom 4 are paid below union scale, and 23 nonunion, of whom 14 are paid below scale.

Mr. KENNEDY. Of the eight that Mr. Allgaier is paying these dues on, or paying this money for, how many were working there at the time you made your examination?

Mr. GOTSCH. Two.

Mr. KENNEDY. Mr. Chairman, once again, considering that this is a union contract and if it was enforced, it can be used against some employers where the union scale is enforced, and, of course, that gives a competitive advantage over another restaurant where the union scale is not enforced.

Possibly the union should change its way of operation. This is the way it operates. These are the wages where a union contract exists, where the union is supposed to be bargaining for the employer. These are the wages that are supposed to be enforced. This is a differential at these two restaurants of approximately \$19,000.

The CHAIRMAN. I think it has been clearly shown with respect to these unions, two, particularly—450 and 593—that they are just unions in name. That is about all. So far as their having a legitimate operation of trying to actually serve those whom they presumably represent, I don't think they have any interest in it at all. I think their charter and whole proceeding is just a shield for a shakedown operation.

I can well understand, and I think it can hardly be controverted, that different situations prevail in different restaurants. One may cater to a very extravagant trade.

Mr. ALLGAUER. You would like my restaurant, Senator.

The CHAIRMAN. Just a moment. And another may be serving a clientele that is not able to eat expensive food and pay large tips and so forth. There have to be adjustments. I don't think just a flat wage scale all across the board necessarily would be fair to the employees as well as unfair to the employers. But the point here that stands out like a sore thumb is that you have an operation here under the guise of unions that is nothing in the world but a racket. That is the way I see it. It is no reflection, necessarily, upon the employers, but I think you do commit an illegal act when you place people in a union without their consent.

I can appreciate sometimes small business people and maybe large business people, too, are coerced and intimidated into doing that, with a view of either they must submit to the demands of these racketeers, or else their business will be injured by picket line or otherwise. It is a serious problem in this country. I think it is a growing problem. I think it is becoming more of a menace to our society and to our economy all the time, when people under the guise of representing unions or under the guise of representing a business association can extort money under threat or under coercion from what would normally be legitimate business.

Here they seem to have a racket going around, getting as many as they can in management to sign up, for as many as they can get of the employees, and let him pay off, and that is all they want.

I think the reflection primarily is upon that sort of unionism.

I know that this is not a reflection upon the employees themselves. They are good, honest people, they are working and most of them don't even know, apparently, they are in a union. I think their rights are being encroached upon, because I think a worker should have a right to say for himself whether he joins a union, and if he joins what union he would prefer to join. In this way, he has no chance, he has no say-so about it, and does not even know about it. Even the manager, the proprietor, the owner of the business, may be good to his employees, maybe trying to give them the best wages he can and give them other benefits insofar as his business will afford it, still there is a racket that becomes an imposition and a burden upon the economy of this country.

That is what we are seeking to ferret out here and find ways to stop it.

(At this point, Senator Curtis withdrew from the hearing room.)

Mr. KENNEDY. Mr. Allgaier, you had a fire at your restaurant, did you?

Mr. ALLGAUER. That, yes, sir.

Mr. KENNEDY. That was at the Fireside Restaurant?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. What was the date of the fire?

Mr. ALLGAUER. May 13.

Mr. KENNEDY. What was the loss in the fire, monetarily? How much was it worth?

Mr. ALLGAUER. Well, I would say to rebuild the place would cost—the way it has been—would cost about \$1,400,000.

Mr. KENNEDY. \$1,400,000?

Mr. ALLGAUER. One million four to one million and a half.

Mr. KENNEDY. Were you present at the time the fire started?

Mr. ALLGAUER. No; I was not. I was sleeping.

Mr. KENNEDY. Could you tell the committee what happened?

Mr. ALLGAUER. I received a telephone call from the police that there is a fire, so that is it, and by the time we got there—I only live 5 minutes away from there—by the time we got there the whole place was in flames.

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. How had the fire started?

Mr. ALLGAUER. Sir?

Mr. KENNEDY. How had the fire started?

Mr. ALLGAUER. Well, I wasn't there. I got a man here who was there. He could tell you more about it.

Mr. KENNEDY. Could we have him here, Mr. Chairman?

The CHAIRMAN. Who was the man you referred to?

Mr. ALLGAUER. Mr. Milas.

The CHAIRMAN. Mr. Milas, come forward, please. Be sworn. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MILAS. Yes.

TESTIMONY OF ANDREW MILAS

The CHAIRMAN. State your name, your place of residence, and your business or employment.

Mr. MILAS. Andrew Milas, 5056 Carmen, Chicago, Ill.; night steward in Allgauer's Restaurant.

The CHAIRMAN. Night steward?

Mr. MILAS. Steward; yes, sir.

The CHAIRMAN. Do you waive counsel?

Mr. MILAS. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. That is M-i-l-a-s; is that how you spell your name?

Mr. MILAS. That is right.

Mr. KENNEDY. Mr. Milas, you come to work at what time in the evening?

Mr. MILAS. 12 o'clock, midnight.

Mr. KENNEDY. What time?

Mr. MILAS. 12 midnight.

Mr. KENNEDY. And then you clean the restaurant up; do you?

Mr. MILAS. No; I don't clean.

Mr. KENNEDY. Well, you have people under you?

Mr. MILAS. No; the boys don't start to work until 12:30 but they get there at 12 o'clock so they have something to eat before they start.

Mr. KENNEDY. Then it is arranged to put the restaurant in order for the following day?

Mr. MILAS. That is right.

Mr. KENNEDY. And you are in charge of that, are you?

Mr. MILAS. Right.

Mr. KENNEDY. You were there on the evening of May 12, the morning of May 13, is that right?

Mr. MILAS. May 13.

Mr. KENNEDY. And how many people did you have with you at that time?

Mr. MILAS. Well, there was six that night.

Mr. KENNEDY. And you had had something to eat and were working in the restaurant arranging to have it cleaned up?

Mr. MILAS. Yes. Well, there is some work in the kitchen. Wherever they can work until the restaurant closes. That is generally 1 o'clock during the week.

Mr. KENNEDY. Do you lock up while you are doing this work?

Mr. MILAS. We don't lock up until everybody is out.

Mr. KENNEDY. Well, when everybody is out.

Mr. MILAS. Well, I don't lock up, I stay by the door and see that everybody is out when I lock up.

Mr. KENNEDY. Well, this is 1 o'clock or after. On the night of May 12, and the morning of May 13, had you locked the restaurant up? Had you locked the various doors?

Mr. MILAS. That is right, they were all locked.

Mr. KENNEDY. Could you tell us what happened as far as anything out of the ordinary that evening?

Mr. MILAS. Well, we closed up, I closed the back door up, and I left the captains, the bartenders and checkers went out the front door and I closed the front door. Then I had one man out that takes the employees to the Howard Avenue "el" station because there is no transportation after 11 o'clock. I waited for him to come back, to open up so he could get in. When I seen the station wagon come back, I opened up for him, he came in, I closed the door, and he was a maintenance

man and had to do a toilet upstairs in the ladies' room, it was out of order. He went up there to fix it. I went into the dining room. There was some dust in the ceiling there, and I put some sheets over the flowers so they wouldn't get dusty while we was using the vacuum cleaner. I went and got the vacuum cleaner, put water in it, came back, put the plug in, I moved a couple of tables, and then I went on top of a chair and started vacuuming the ceiling. It was only a small spot. I had only been up there a half minute or a minute, and I seen a fellow down there. I looked and he had a gun in his hand. He said "Get down from there." So I got down. He told me to go down the aisle. I went down the aisle and in front of me he had two other men, and they sent us to the back of the restaurant, toward the kitchen part and told us to lay on the floor. They said "How many men you got here?" I said, "There are seven of us altogether." He said "Are you sure there are seven?" And I said "Yes." He said "Where are the other three?"

In the meantime they got the other fellow on a vacuum cleaner, Ralph, that was 4 of us, and they went in the kitchen and got 3 of them, and that was 7 of us there. They held us for about 10 minutes. They said, "We are not going to hurt you guys." We didn't say nothing. Then they said, "Get up." We got up and they took us into the checker's desk, right off the dining room, about 20 feet.

Mr. KENNEDY. How many of them were there?

Mr. MILAS. Two that we seen at the time.

Mr. KENNEDY. And they both had guns?

Mr. MILAS. Yes, and they put us in the checker's desk, and that is as big as this table here and they put seven men in there, and we were all sitting down in there. They held us in there for about 10 minutes, and all of a sudden one fellow mentioned my name. He said, "Who is Andy?" And I said, "Right here," and he said, "Come with me."

So I went with him, and he took me in the good dining room, and he said "Open up that side door." Well, I said, "I don't know. That side door hasn't been opened for over a year and we remodeled it last year and I don't know if it was opened or not."

So our front-door key and our side-door key are on one chain, and I put the key in and it fit, and he said, "That is enough," and I left the key right in the lock and I went back with him then, and we stayed there about 5 or 6 minutes and they took us to the little maintenance room. They kept us there about 10 or 15 minutes and then they took us from there and took us into 2 men's rooms, and they put 4 in one and 3 of us in the other, and they held us there for about 15 minutes.

Then they gave us some instructions, and they said, "Now you fellows, when we get out of here, we are going to take you outside, and we are going to put you against the wall there," and he said, "When our automobile goes, you guys run north."

So we stood around for awhile and they finally called us over, and instead of taking us directly to the outside they took us to the New England Room, and they held us there for about approximately 5 or 10 minutes.

That is when I was smelling gasoline or some chemical anyway it was.

They said, "All right," and we went outside and lined us against the wall, and we stood there waiting for that machine to go.

So the machine started up and they saw a car coming down Lincoln Avenue and they said, "Wait a minute," and so we all waited, and then the car passed, and their car went and we went, and we went running north.

Mr. KENNEDY. A car came by and picked them up?

Mr. MILAS. No, some other car, a strange car it was, and they stopped because I guess they didn't want to be seen by the other car.

Mr. KENNEDY. Did someone come and pick them up?

Mr. MILAS. Oh, yes, there was a man in the car, a third man, and we only saw the shadow, and he lifted his head up and right down, because it was pretty dark back there. So when we ran north, I looked back and ran about 50 feet, and I looked back, and there were windows about 18 or 20 feet high, and you could see it all red. Then I ran toward Lincoln Avenue and toward the gas station and there is a gas station on Lincoln to call the fire department.

Well, before I got half way there, there was a motorist going north, and he turned around and he went over and called the fire department, and by that time the things wasn't blazing so much from the outside you couldn't see but you could see smoke all through the diningroom roof.

Well, we ran back and there was this one man. Sam Coburn, the maintenance man, and he already had his car at the gas station. I said, "Jim, come on, I want to get my car," and so he drove me back and we got our car, and we drove over on Touhy Avenue, and then the Lincolnwood police officer came along, and we told him that it was a started fire.

So he called up on the telephone of his car, and I said, "I am going over and see Mr. Claassen," and so I didn't know Mr. Claassen's telephone number and I knew he only lived about 4 or 5 blocks or so from the restaurant. So I got to Mr. Claassen's house, and I woke up the whole family and all four of them came down and it took about 10 minutes and I told him about it and we called Mr. Allgauer.

Mr. KENNEDY. Now, while they were there, was there any money in the restaurant?

Mr. MILAS. Yes, I guess there was.

Mr. KENNEDY. Did they try to take any of the money?

Mr. MILAS. No, there was no attempt of robbery at all, and because I had the keys for the office and they never asked me for it.

Mr. KENNEDY. They were only interested in burning the restaurant?

Mr. MILAS. Yes, sir.

Mr. KENNEDY. Just burning it down?

Mr. MILAS. Yes, sir.

Mr. KENNEDY. Mr. Allgauer, can you give us any explanation as to who might come in and burn your restaurant down?

Mr. ALLGAUER. I have as much of an idea as you have.

Mr. KENNEDY. You don't have any enemies?

Mr. ALLGAUER. Not knowingly. I have dozen of friends who stood by me after the fire and until now.

Mr. KENNEDY. You can give no explanation whatsoever for your restaurant being burned down?

Mr. ALLGAUER. No, sir.

Mr. KENNEDY. Do you know any of the underworld figures in Chicago?

Mr. ALLGAUER. Well, one of them comes in my place so often and I never even knew he belonged to that. He was on the stand here, Ross Prio, and we called him Mr. Ross in my place of business. He came there quite often but I never knew the man had anything to do with the underworld.

Mr. KENNEDY. Did you know Jack Gussik at all?

Mr. ALLGAUER. I knew him and he was in my place quite often but I never went to his table, and if he would walk in this place now I wouldn't recognize him because I always stayed away from people like that all of my life.

Mr. KENNEDY. You have no explanation whatsoever for someone coming in and burning down your restaurant that cost \$1.4 million?

Mr. ALLGAUER. No, I haven't any idea.

Mr. KENNEDY. Were you making any payments to anybody for protection?

Mr. ALLGAUER. Never in my life.

Mr. KENNEDY. Has anybody ever approached you to make any payments?

Mr. ALLGAUER. Never.

Mr. KENNEDY. Do you know of any restaurants that are making payments for protection in Chicago?

Mr. ALLGAUER. No, I don't.

Mr. KENNEDY. You never heard of that?

Mr. ALLGAUER. No.

Mr. KENNEDY. Was this after the committee started its investigation?

Mr. ALLGAUER. Yes, sir.

Mr. KENNEDY. How long had we been in your restaurant, do you know?

Mr. ALLGAUER. I don't know. I think about 6 weeks before; wasn't it something like that, Mr. Duffy?

Mr. DUFFY. We spent a great number of hours in Mr. Allgauer's restaurant, and probably we were there within 2 weeks from the time the fire took place, and we were there as far back as February.

Mr. ALLGAUER. I think that you spent your time in my office; didn't you?

Mr. DUFFY. We spent quite a bit of time going over your books and you cooperated fully with us at that time.

Mr. KENNEDY. That is all for now, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator CHURCH. Mr. Allgauer, do you suppose that inasmuch as you had cooperated with the committee and investigations had been made for a series of weeks prior to the time that your restaurant was burned down by arsonists, this might have been an effort to intimidate you or to indicate to others that it might be healthier if they didn't cooperate with this committee and divulge the facts to this committee?

Mr. ALLGAUER. I have never talked to anyone about the investigation going on, and I have never. I kept this quiet.

Senator CHURCH. But it might have been known, even though you did not talk to anyone about it.

Mr. ALLGAUER. That I wouldn't know, but I never did talk to anyone about it.

Senator CHURCH. If that were the explanation, at least it is obvious that it didn't work, because you have come to the committee and have made a complete statement here and you have cooperated, and I think that you are to be commended for it.

Mr. ALLGAUER. Thank you.

The CHAIRMAN. Have you had any telephone calls or has anyone contacted you since your restaurant burned?

Mr. ALLGAUER. No, I never did.

The CHAIRMAN. No one has presumed to give you any information regarding it?

Mr. ALLGAUER. No.

The CHAIRMAN. Have you had any threats?

Mr. ALLGAUER. I haven't.

The CHAIRMAN. Either directly or indirectly?

Mr. ALLGAUER. Sir?

The CHAIRMAN. Have you had any threats from anyone either directly or indirectly regarding your testimony here?

Mr. ALLGAUER. I never did.

The CHAIRMAN. Well, this thing didn't happen just incidentally, and there is some reason for it.

Mr. ALLGAUER. That is right.

The CHAIRMAN. Do you know what the reason is?

Mr. ALLGAUER. If I would have known it, I would have a better idea going about finding out about it.

The CHAIRMAN. Do you have any idea about it? You know who you have business with and whom you contact, and what has happened, and what has transpired in the past, and there is nothing in the past that gives you any idea? Is there no conversation or contact or anything that gives you any indication or clue as to who may have wanted to do you this great injury?

Mr. ALLGAUER. No, sir. The people I do business with are definitely legitimate the same as I am.

The CHAIRMAN. You never received any threat prior thereto?

Mr. ALLGAUER. No, I didn't.

The CHAIRMAN. You had no controversy where there was ill feeling or any disagreement so far as you knew?

Mr. ALLGAUER. No.

The CHAIRMAN. You had no enemies?

Mr. ALLGAUER. No, sir.

The CHAIRMAN. Well, there is something very strange about this whole thing.

Mr. KENNEDY. Did you ask for protection afterward, Mr. Allgauer?

Mr. ALLGAUER. I never asked for protection.

Mr. KENNEDY. Mr. Classen from your office called?

Mr. ALLGAUER. Mr. Classen did, and I had police protection from Lincolnwood police, and after 2 days I told them to get going, and I told them pointblank if my life was threatened or they wanted to get me they could have gotten me a long time ago.

Mr. KENNEDY. You know about all of the many other fires in restaurants around Chicago?

Mr. ALLGAUER. I heard about some of those, and I say this to you most sincerely: I always believe somebody who did it must have gained by it or they wouldn't do it.

Mr. KENNEDY. They must have gained by it?

Mr. ALLGAUER. Or else they wouldn't do it.

Mr. KENNEDY. What is your explanation for so many fires among restaurants in Chicago?

Mr. ALLGAUER. Well, I couldn't tell you at all, Mr. Kennedy. I only know about mine and that is all.

Mr. KENNEDY. Well, that is the problem we have in each restaurant. Each owner says, "Well, I can't tell you," and no one will talk at all, Mr. Allgauer.

Mr. ALLGAUER. I am willing to talk and tell you anything you would like to know.

Mr. KENNEDY. Someone doesn't just walk by and burn down a \$1.4 million restaurant, and that just doesn't happen. Somebody has to have a reason.

Mr. ALLGAUER. If I would know who did it, I would tell you. I am not afraid of anybody.

Senator CHURCH. Mr. Allgauer, directing your attention to those two large pictures that are located down at the end of the witness table, are those pictures of your restaurant? Is the one on the left a picture of the first that has been testified to?

Mr. ALLGAUER. Yes, sir.

Senator CHURCH. And the one on the right, is that an accurate picture of what was left of your restaurant after the fire?

Mr. ALLGAUER. That is just about right.

The CHAIRMAN. Mr. Milas, was anything said by the men who committed this arson? Was anything said by them that might have indicated their reason or their motive for this act?

Mr. MILAS. No, they didn't say. All they said was, the Mexican boy, "You guys will be looking for a job; this place is going up in smoke." That is all he said.

The CHAIRMAN. Did they tell you why?

Mr. MILAS. No.

The CHAIRMAN. Did they mention Mr. Allgauer's name?

Mr. MILAS. No.

The CHAIRMAN. Did they mention the union?

Mr. MILAS. No.

The CHAIRMAN. Did they mention any payoffs?

Mr. MILAS. No.

The CHAIRMAN. The only thing they said was that this thing is going up in smoke and you are going to be looking for a job?

Mr. MILAS. That is right. They asked for a glass of milk, one of them did. They asked where the milk was.

The CHAIRMAN. Did you get them a glass of milk?

Mr. MILAS. Yes, and I had the keys, but I said, "We haven't got the keys," and I told them it was open and where the milk was.

The CHAIRMAN. Did you know either of the men?

Mr. MILAS. No, I didn't, sir.

The CHAIRMAN. Would you recognize them again if you saw them?

Mr. MILAS. No; they had hoods on.

The CHAIRMAN. They had hoods on?

Mr. MILAS. That is right.

The CHAIRMAN. What kind of hood?

Mr. MILAS. Well, over their heads.

The CHAIRMAN. Just something that covered their eyes, or something over their heads?

Mr. MILAS. They had glasses; one guy had dark glasses on, and they were all dark to me.

The CHAIRMAN. They pulled the hoods off after they got out of the restaurant?

Mr. MILAS. No, and I never saw them with the hoods off.

Mr. ALLGAUER. From all indications as I can see, they weren't there to injure anybody and they wanted to see everybody got out, and they just wanted to destroy the place.

Senator CHURCH. They wanted to commit arson and murder.

Mr. MILAS. Just before we left outside one of them spoke up, and he said, "Now are you sure there are only seven men in here?" because they didn't want to leave anybody in the place. And they said, "Are you sure?" And I said, "Yes, there are only seven."

The CHAIRMAN. When did they light the match to it?

Mr. MILAS. That is when they took us from the New England Room outside, about a minute after that. They had us lined against the wall, and we couldn't see what they were doing, because there is a step going up about five steps.

The CHAIRMAN. Did they leave someone else in there, one of them was in there when you came out?

Mr. MILAS. One was guarding us, and we were in the front of them all of the time then.

The CHAIRMAN. I understand, but did you see them light the match?

Mr. MILAS. No, I didn't. We were against the wall, where you can't see, and the restaurant is this way.

The CHAIRMAN. You were on the outside on the sidewalk?

Mr. MILAS. We were outside in back of the parking lot. That is where they took us.

The CHAIRMAN. Did one of them remain back in the building when you folks were out there?

Mr. MILAS. Well, yes. We say one, and one must have been in the building, or on the steps someplace.

The CHAIRMAN. When did you first know the building was afire?

Mr. MILAS. Well, when they told us to run, and when I looked back from about 50 feet, and that is when I knew it was on fire.

The CHAIRMAN. Were all of them on the outside at that time?

Mr. MILAS. They had us outside.

The CHAIRMAN. They had you outside, but were all of them outside when they told you to run?

Mr. MILAS. They were by the car already, and they didn't tell us to run, and they told us to run when that car got started.

The CHAIRMAN. How long did the car sit out there, and how long had it been outside before you actually ran?

Mr. MILAS. I would say 2 or 3 minutes we were outside.

The CHAIRMAN. Obviously the torch had been lit inside before you came out?

Mr. MILAS. I suppose, and I don't know.

The CHAIRMAN. Well, did they go back in there after they came out, either of them?

Mr. MILAS. No; they went to the car.

The CHAIRMAN. You all came out together?

Mr. MILAS. Two of them.

The CHAIRMAN. Where is the other one?

Mr. MILAS. The other one was a chauffeur, that was the third one.

The CHAIRMAN. The two that had been in there; there had only been two of them in there?

Mr. MILAS. We only saw two in the restaurant; that is all we saw.

The CHAIRMAN. They came out at the same time you did?

Mr. MILAS. Yes.

The CHAIRMAN. They went to the car?

Mr. MILAS. No; they didn't go to the car. They lined us up against the wall.

The CHAIRMAN. And they had you lined against the wall and then where did they go after they lined you against the wall?

Mr. MILAS. One of them went back.

The CHAIRMAN. Went back where?

Mr. MILAS. To the restaurant I guess, that is when he lit it up, I think.

The CHAIRMAN. One of them went back in, after they had you lined up, that is what I was trying to get.

Mr. MILAS. That is right.

The CHAIRMAN. Then when he came out, how long was it before you had to run?

Mr. MILAS. As soon as he got out or he came out, he ran to his car.

The CHAIRMAN. He ran to the car?

Mr. MILAS. Yes, sir, and when he saw that car come down Lincoln Avenue, he said, "Wait a minute," and the car passed and they were going, and we went. They told us to run when the car got started.

The CHAIRMAN. They followed the other car? After the other car passed, that car moved out?

Mr. MILAS. They were approximately about 75 to 100 feet from Lincoln Avenue where they were parked in the parking lot, and when that car passed then they shot out, and we shot north. That is where they told us to go.

The CHAIRMAN. That is what I was trying to get. One of them did go back in after they had you on the outside?

Mr. MILAS. Yes, sir.

The CHAIRMAN. All right: is there anything else?

Mr. KENNEDY. I have just one question. How did they get in there; do you know?

Mr. MILAS. Well, all of the doors were locked, and there is only one possible way they could get in, is through the roof and a couple of windows, and that is all.

If they went in during business hours, probably upstairs through the roof, that is the only possible chance they could get to get in.

The CHAIRMAN. Were they in the restaurant as guests or customers?

Mr. MILAS. It could have been possible that way, or the roof, and that is the only two ways they could have got in.

The CHAIRMAN. All right. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. McFarland.

The CHAIRMAN. You swear that the evidence given before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McFARLAND. I do.

TESTIMONY OF JOHN McFARLAND

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. McFARLAND. John McFarland, 430 Arbor Avenue, West Chicago, Ill. I work for the State of Illinois, chief investigator for arsons in Chicago.

The CHAIRMAN. Do you waive counsel?

Mr. McFARLAND. I waive counsel.

Mr. KENNEDY. You are chief investigator for arsons in Chicago?

Mr. McFARLAND. That is right, sir.

Mr. KENNEDY. Mr. McFarland, how long have you been in this job or held this position?

Mr. McFARLAND. I have been an investigator for approximately 15 years.

Mr. KENNEDY. How long have you been working on arsons?

Mr. McFARLAND. Probably the last 10 years.

Mr. KENNEDY. Could you tell the committee whether there has been an extraordinary number of fires among restaurants in the Chicago area over the last few years?

Mr. McFARLAND. I would say in the last 2 or 3 years we have had a great increase in the number of fires in restaurants and cafes and taverns.

Mr. KENNEDY. Do you have a list of the fires that have occurred?

Mr. McFARLAND. I have them in my files; yes, sir.

Mr. KENNEDY. Could you present that to the committee?

Mr. McFARLAND. Yes, sir.

Mr. KENNEDY. What period of time does this list cover?

Mr. McFARLAND. That approximately covers the last 2 years, 1957 and 1958.

Mr. KENNEDY. From January of 1957 to the present time?

Mr. McFARLAND. That is right.

Mr. KENNEDY. How many fires have there been among restaurants and taverns in the Chicago area since January?

Mr. McFARLAND. Approximately 40.

Mr. KENNEDY. Isn't that an extraordinary number of fires in this business?

Mr. McFARLAND. It is an unusual amount in that period of time.

Mr. KENNEDY. Well, it is even beyond just unusual, is it not, Mr. McFarland?

Mr. McFARLAND. Yes; it is.

Mr. KENNEDY. Have you been able to solve any of these?

Mr. McFARLAND. No; we have not.

Mr. KENNEDY. None of the 40 fires?

Mr. McFARLAND. We haven't, as we call it, marked any of them, or determined.

Mr. KENNEDY. What is the explanation in a general sense, Mr. McFarland, for the number of fires in these restaurants and taverns? Have you found any pattern going through any of them?

Mr. McFARLAND. They all seem to be following a certain pattern, and follow a pattern that we can't determine or actually mark as to the cause. We can't determine why they should start as they do.

Mr. KENNEDY. Is there any other pattern now, Mr. McFarland, regarding these fires?

Mr. McFARLAND. In what way?

Mr. KENNEDY. Is there any pattern as to the nature of the fires, the origin of the fires?

Mr. McFARLAND. They are all similar in nature, and their origin seems to be the same, and they start out with an enormous fire immediately.

Mr. KENNEDY. Would it indicate to you from your 15 years' experience that most of these are arsons?

Mr. McFARLAND. We can't call them arsons until we can prove it.

Mr. KENNEDY. Now, Mr. McFarland, I am not getting down to any particular fire, and I am just asking you as a general pattern, and I would like to get your cooperation with the committee. As a general pattern, wouldn't it indicate or wouldn't it seem to indicate that these fires were arsons?

Mr. McFARLAND. They are of that nature.

Mr. KENNEDY. Could you tell us whether you received cooperation and help and assistance from the owners of these restaurants and taverns in attempting to solve the fires?

Mr. McFARLAND. That I will say we have not. They stand on the statement that they do not know why they should have such a fire, or what caused the fire.

Mr. KENNEDY. Can you give any explanation as to why they have been less than cooperative with you in your investigation?

Mr. McFARLAND. Well, there is a motive why they will not cooperate, and they all seem to have a motive.

Mr. KENNEDY. What is that?

Mr. McFARLAND. Well, I think they are afraid to talk.

Mr. KENNEDY. Generally in these 40 fires, have you found that that is the situation?

Mr. McFARLAND. Maybe it wouldn't hold true with all 40 fires, but as a general pattern, it will be there on the percentage of the fires that we are talking about.

Mr. KENNEDY. That these people, the owners of these restaurants and taverns, the employers are afraid to talk?

Mr. McFARLAND. That is right, sir.

Mr. KENNEDY. Have you uncovered or found out or learned information that a number of these restaurant owners have to make payoffs to certain individuals in the Chicago area?

Mr. McFARLAND. I have heard that; yes.

Mr. KENNEDY. Once again, you found it difficult to have any employer come in and give you or be willing to testify to that?

Mr. McFARLAND. They are willing to come in and make a statement, but the statement amounts to nothing.

Mr. KENNEDY. They won't give you any specific information?

Mr. McFARLAND. They won't give us any reason for the fire.

Mr. KENNEDY. And they will not give you any information regarding these wholesale payoffs that have to be made?

Mr. McFARLAND. That is right, sir.

Mr. KENNEDY. Do you understand that these payoffs, Mr. McFarland, have to be paid to certain underworld figures in Chicago?

Mr. McFARLAND. To certain figures, yes; collection agencies.

Mr. KENNEDY. What a number of these so-called collection agencies are selling is protection from fires and stinkbombs or whatever

it may be, and if payments are not made the restaurants get bombed or arsoned. Is that the situation?

Mr. McFARLAND. It could be.

Mr. KENNEDY. Is that the situation you have found generally. I am not saying as to any particular restaurant, but generally is that the situation?

Mr. McFARLAND. It follows that pattern.

Mr. KENNEDY. Can you identify these pictures?

The CHAIRMAN. Did you prepare this list of fires?

Mr. McFARLAND. I did, sir.

The CHAIRMAN. And you testified to its accuracy to the best of your knowledge and belief?

Mr. McFARLAND. That is right, sir.

The CHAIRMAN. This list may be made exhibit No. 33.

(Document referred to was marked "Exhibit No. 33" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. First I will ask you if you identify these pictures as pictures of the Allgauer fire, and the debris left afterward?

Mr. McFARLAND. They are the Allgauer fire.

The CHAIRMAN. They may be made exhibit No. 34 (A) and (B).

(Documents referred to were marked "Exhibit No. 34 (A) and (B)" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you regard this list here of some 40 fires in a period of 17 months—does this cover all of the restaurant and tavern fires that were reported to you during that period of time?

Mr. McFARLAND. No; it does not. There probably are 4 or 5 restaurant fires that were determined.

The CHAIRMAN. Four or five others that were determined?

Mr. McFARLAND. In other words, we found the cause.

The CHAIRMAN. Out of 45 fires then in that period of time, you have only been able to determine the cause of the fire in 4 or 5 instances?

Mr. McFARLAND. I would say somewhere around that number.

The CHAIRMAN. Now, were any of those determined to be arson?

Mr. McFARLAND. Definitely not.

The CHAIRMAN. None of them?

Mr. McFARLAND. No.

The CHAIRMAN. So, in other words, these 40, the list of which you have submitted, are carried as potential arson cases; is that correct?

Mr. McFARLAND. We carry them as unmarked fires.

The CHAIRMAN. Do you ever carry any as arson fires?

Mr. McFARLAND. Not until after we prove it.

The CHAIRMAN. I understand; and you don't carry them as suspicion of arson?

Mr. McFARLAND. No; we do not.

The CHAIRMAN. Well, sometimes they arrest people on suspicion of murder?

Mr. McFARLAND. That is right.

The CHAIRMAN. And they find the corpse, and the victim, and they believe from the circumstances he was murdered and, of course, I don't know how you would do that. You wouldn't carry it as something else, and you carry it on the basis that it requires investigation

and it warrants cause of the circumstances attending it. Isn't that correct?

Mr. McFARLAND. That is right.

The CHAIRMAN. Then you are carrying these fires, this list of 40 here, on the basis of their circumstances that indicates they should be investigated for arson?

Mr. McFARLAND. We carry those fires as unmarked fires until we have enough circumstantial evidence to warrant them to be listed as suspected arson.

(At this point the following members were present: Senators McClellan, Church, and Goldwater.)

The CHAIRMAN. Are any of these listed now as suspected arson?

Mr. McFARLAND. I would say no.

The CHAIRMAN. You mean even——

Mr. McFARLAND. Well, theirs isn't suspected. That is known. That is a marked arson fire.

The CHAIRMAN. Is it carried on here as known arson?

Mr. McFARLAND. It could be. I don't know whether Allgauer is on there or not.

Mr. KENNEDY. Yes; it is.

The CHAIRMAN. Obviously they are getting by with arson up there, if these are arson, and you either don't have the ability or the law-enforcement agencies are not able to cope with it in view of the circumstances of how the arson is committed, is that correct, if they are arson?

Mr. McFARLAND. If they are arson, we will so mark them.

The CHAIRMAN. When?

Mr. McFARLAND. When we have enough circumstantial evidence to prove our point.

The CHAIRMAN. Do I understand you now that there are not any of the 40 here upon which you have sufficient circumstances to mark them as possible arson cases?

Mr. McFARLAND. On Allgauer's you will probably find in our office a supplementary report, referring to Allgauer's as an arson fire. That would be submitted after this list was made.

The CHAIRMAN. Who would make that report?

Mr. McFARLAND. The investigator and myself.

The CHAIRMAN. Have you made such a report?

Mr. McFARLAND. My investigator has, but I have not had a chance to read it.

The CHAIRMAN. When was it made?

Mr. McFARLAND. I think it was made the day before yesterday, and it was stenotyped, and she was copying it.

The CHAIRMAN. Is that the only 1 of the 40 that you are carrying as a potential arson case?

Mr. McFARLAND. I would say, at this time, yes.

The CHAIRMAN. I see some of them were back in January; January 1, 1957.

Mr. KENNEDY. There is one for December 30, 1956.

The CHAIRMAN. One is December 30, 1956.

Mr. McFARLAND. There is one in there; yes, sir.

The CHAIRMAN. If arson can be committed with those odds in favor of them never being caught or detected or the fact established, it looks

like an arsonist is just having a field day out there. When they want to burn something, they can do it and get by with it. Have you got any explanation for that?

Mr. McFARLAND. I think they are, sir.

The CHAIRMAN. You think they are doing it?

Mr. McFARLAND. Yes.

The CHAIRMAN. You are convinced of that?

Mr. McFARLAND. Yes.

The CHAIRMAN. Are you also convinced that it is connected with these gangsters or racketeers that are demanding payoff for protection? Do you also associate it with that?

Mr. McFARLAND. They are connected with some agency that has some pressure on this group.

The CHAIRMAN. In other words, you think there is an organized criminal element back of these arsons?

Mr. McFARLAND. There is an organized element in back of it; yes.

The CHAIRMAN. Well, if it is arson, it is criminal, isn't it?

Mr. McFARLAND. I didn't say it was arson.

The CHAIRMAN. Well, if there is an organized element going out and burning property, what do you call it, if it is not arson? Do you have a name for it that it is different?

Mr. McFARLAND. I haven't proved this organization has been doing this yet.

The CHAIRMAN. Are you interested in finding out?

Mr. McFARLAND. I surely am.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. McFarland, would 40 fires in this period of time be out of ratio with other cities in the country? That is, 40 fires to the total number of restaurants.

Mr. McFARLAND. I never did check up on that.

Senator GOLDWATER. Has the frequency of these fires increased over the past few years?

Mr. McFARLAND. Yes; they have.

(At this point, Senator McClellan withdrew from the hearing room.)

Senator GOLDWATER. You have been in this job for 15 years?

Mr. McFARLAND. Yes, sir.

Senator GOLDWATER. Was there a time during this 15 years when you were not particularly bothered by restaurant fires?

Mr. McFARLAND. Yes; there was. Ten years ago, if we had 1 or 2 serious restaurant fires a year it was probably normal.

Senator GOLDWATER. When did they start increasing?

Mr. McFARLAND. I would probably say the last 3 years or 4 years; the list would be growing each year.

Senator GOLDWATER. Have there been any fires in the last month in the restaurants?

Mr. McFARLAND. Not that I would mark as arson.

Senator GOLDWATER. No; I mean fires.

Mr. McFARLAND. Yes.

Senator GOLDWATER. How many have you had in the last month?

Mr. McFARLAND. Restaurant fires?

Senator GOLDWATER. Yes.

Mr. McFARLAND. Two, probably.

Senator GOLDWATER. Were they serious fires?

Mr. McFARLAND. They were totals.

Senator GOLDWATER. Totals?

Mr. McFARLAND. Yes.

Senator GOLDWATER. When you say restaurants, do you include bars?

Mr. McFARLAND. I would say 90 percent of them have a combination bar and restaurant.

Senator GOLDWATER. That is all I have.

Mr. KENNEDY. Just let me ask you: Is there any pattern in any of these other restaurants similar to the Allgauer Restaurant, where gunmen came in and put kerosene and gasoline around the restaurant and set it afire?

Mr. McFARLAND. We have been told there was one similar to this.

Mr. KENNEDY. What did they do in that one?

Mr. McFARLAND. We were told that two gunmen entered the place and poured gasoline all over it, spread it out, and then torched it.

Mr. KENNEDY. What restaurant was that?

Mr. McFARLAND. That was the Flame.

Mr. KENNEDY. Was there any other restaurant where you found that they put material over and set it afire?

Mr. McFARLAND. Over the period of years, are you speaking?

Mr. KENNEDY. No, I am talking about since January 1957?

Mr. McFARLAND. No.

Mr. KENNEDY. There hasn't been anything like that?

Mr. McFARLAND. No.

Mr. KENNEDY. That is, where they poured gasoline or put paper around?

Mr. McFARLAND. No; previous to that, but not the recent one you are referring to.

Mr. KENNEDY. Is that Villa LeMaine, or the Flame Restaurant?

Mr. McFARLAND. That is the same.

Mr. KENNEDY. I don't see that on here. When was that?

Mr. McFARLAND. Well, that was probably a month ago. Is that on there at all?

Mr. KENNEDY. It is not on here?

Mr. McFARLAND. It is probably too recently.

Mr. KENNEDY. So we are up to 1941. From your investigation can you associate these payments that are made with labor relations, or is it just protective payments, or both?

Mr. McFARLAND. Probably a combination.

(At this point, Senator McClellan entered the hearing room.)

Mr. KENNEDY. Thank you.

Senator CHURCH. There are no further questions. I have no questions.

Call the next witness, please.

Mr. KENNEDY. Mr. Julian Schwartz.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. SCHWARTZ. I do.

TESTIMONY OF JULIAN SCHWARTZ

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SCHWARTZ. Julian Schwartz. I live at 860 Lake Shore Drive in Chicago. My place of business is Julian's Restaurant at 103 East Chicago Avenue.

The CHAIRMAN. You waive counsel?

Mr. SCHWARTZ. I do.

The CHAIRMAN. Thank you very much. Proceed.

Mr. KENNEDY. Mr. Chairman, for the most part yesterday we dealt with local 394 and the arrangement of employers, restaurant owners, with that local. Today for the most part we will be dealing with the arrangements between the employer and owners of restaurants with local 593.

Mr. Schwartz, you purchased a restaurant in May of 1955?

Mr. SCHWARTZ. That is correct, sir.

Mr. KENNEDY. Formerly known as Rickett's Restaurant?

Mr. SCHWARTZ. That is right.

Mr. KENNEDY. At that time, at the time you purchased it, had the owner been paying a certain amount of money periodically to the union?

Mr. SCHWARTZ. Well, that I found out later.

Mr. KENNEDY. When did you find it out?

Mr. SCHWARTZ. Maybe 4 or 5 months after I had taken possession of the business.

Mr. KENNEDY. And how did you find out?

Mr. SCHWARTZ. I ran across a check during one of my periods of payments, and I inquired of the bookkeeper what it was for. She said that was union dues for some of the kitchen employees. She said that arrangement had been made by Mr. Ricketts.

Mr. KENNEDY. So did you go ahead and continue to pay to the union that amount of money?

Mr. SCHWARTZ. Well, it was being done without my knowledge at the time I was there.

Mr. KENNEDY. You had worked at the restaurant prior to that time?

Mr. SCHWARTZ. No, sir.

Mr. KENNEDY. What do you mean it was being done while you were there without your knowledge?

Mr. SCHWARTZ. Well, I evidently didn't see perhaps the first or second checks.

Mr. KENNEDY. You signed the checks without being aware—

Mr. SCHWARTZ. Well, some, yes. I probably didn't notice it.

Mr. KENNEDY. Did you decide to go along with this arrangement?

Mr. SCHWARTZ. Well, after I spoke to the bookkeeper, she told me that it was done that way, so I just went along with it.

Mr. KENNEDY. You continued to pay to the union?

Mr. SCHWARTZ. Yes, sir.

Mr. KENNEDY. How much money did you pay?

Mr. SCHWARTZ. At that time I believe it was \$77 every 2 months.

Mr. KENNEDY. Did you ever have any conferences or conversations with any union representative regarding wages, hours or conditions of your employees?

Mr. SCHWARTZ. No, sir.

Mr. KENNEDY. Were you ever told that if you failed to make the payment, you would have a picket line?

Mr. SCHWARTZ. Well, I never had any discussions with them.

Mr. KENNEDY. You just continued to pay, is that right?

Mr. SCHWARTZ. That is correct, sir.

Mr. KENNEDY. An examination of the records at your restaurant indicated that you were paying on, supposedly, 8 workers, and that 2 of the 8 workers that you were paying on were no longer employed at your restaurant at the time we made our investigation.

Mr. SCHWARTZ. Yes, sir; that is correct.

Mr. KENNEDY. Did the union ever come by and try to modernize the list or bring it up to date?

Mr. SCHWARTZ. Well, that was done about 4 months ago.

Mr. KENNEDY. After our investigation started?

Mr. SCHWARTZ. Yes.

Mr. KENNEDY. Do you know what the union scale is for your employees?

Mr. SCHWARTZ. For some of them I do, yes.

Mr. KENNEDY. Did you ever discuss that with any union representative?

Mr. SCHWARTZ. No. They sent a pamphlet with the different scales on it.

Mr. KENNEDY. The differential if you were paying union scale would be a total of \$9,933, approximately, that you would have to pay more if you were paying union scale.

Mr. Gotsch, is that correct?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. That is if they enforced the contract.

Mr. SCHWARTZ. Well, I wouldn't know about that, sir.

Mr. KENNEDY. The only thing they were interested in was the money that they received; is that right?

Mr. SCHWARTZ. Well, it seemed that way.

Mr. KENNEDY. But they never discussed anything else with you so far as the employees are concerned?

Mr. SCHWARTZ. No, sir.

Mr. KENNEDY. This is local 593, Mr. Chairman, which is the biggest local, 10,000 members, and Mr. Lardino is administrative director of it.

The CHAIRMAN. Are you still paying this \$77?

Mr. SCHWARTZ. \$56 now, sir.

The CHAIRMAN. \$56?

Mr. SCHWARTZ. Yes. We have less employees.

The CHAIRMAN. \$56 each 2 months?

Mr. SCHWARTZ. Two months; yes, sir. They reduced the number, the union reduced it.

The CHAIRMAN. How do you make the checks?

Mr. SCHWARTZ. It is made payable to the union.

The CHAIRMAN. Local—

Mr. SCHWARTZ. 593.

The CHAIRMAN. 593.

Mr. SCHWARTZ. Yes, sir. That is handled by the bookkeeper. I just sign it.

The CHAIRMAN. Do you have a list of those you are paying on?

Mr. SCHWARTZ. Well, in our business, of course, you get so many transient workers. They come and go and it is rather difficult. You might get 40 or 50 percent of them that might stay for 5 or 6 months and longer, but the majority of them don't. So it is rather difficult.

The CHAIRMAN. So when you send in the check, you don't write a cover letter, of say "This check covers the dues of employee" so and so? You don't name them?

Mr. SCHWARTZ. No, sir.

The CHAIRMAN. You just send the check, do you?

Mr. SCHWARTZ. Well, the agent comes up and collects it, the BA.

The CHAIRMAN. He comes by and collects the check?

Mr. SCHWARTZ. He comes to the office and collects the check.

The CHAIRMAN. And from the time you started until this committee got its investigation underway, neither you nor the union were particularly concerned about the names of who you may be paying on?

Mr. SCHWARTZ. Well, that seemed to be the arrangement and I went along with it in order to avoid any union trouble.

The CHAIRMAN. I mean you didn't go to any trouble to determine whether you were paying on Bill Smith or Tom Jones. All you were doing was paying what they demanded of you?

Mr. SCHWARTZ. Well, I looked at the list. We made a change. I put on the employees who were there at the time when they made this different arrangement, they reduced the number. I thought if there was any benefits to be derived I would like to see the steady employees benefit by it.

The CHAIRMAN. So you did revise the list after you went in and gave them a list of regular employees?

Mr. SCHWARTZ. Yes, sir.

The CHAIRMAN. Was that list kept current?

Mr. SCHWARTZ. After a fashion. As well as could be. As I say, there are so many transients that they leave and you would probably have to do it every time the union agent came.

The CHAIRMAN. Do you find now that you may have paid on some that were not in your employ, no longer in your employ?

Mr. SCHWARTZ. Yes; no doubt about it.

The CHAIRMAN. Did it work that way?

Mr. SCHWARTZ. Yes.

The CHAIRMAN. Do you know of any benefit these people get out of the union?

Mr. SCHWARTZ. Are you speaking of 593?

The CHAIRMAN. I am talking about the men that you are paying on.

Mr. SCHWARTZ. Well, not offhand, no. Some, I imagine, have.

I mean from conversations with the employees. Just hearsay.

The CHAIRMAN. In other words, you would have paid them the same wages, they would have had the same working hours and they would have had the same working conditions, even if there had not been any union involved, would they not?

Mr. SCHWARTZ. Yes, sir.

The CHAIRMAN. You would provide them with every benefit that you have provided them with?

Mr. SCHWARTZ. Yes.

The CHAIRMAN. So they got nothing by reason of your paying this money into the union?

Mr. SCHWARTZ. No; they did not, to my knowledge.

The CHAIRMAN. Except, possibly, they may have benefited indirectly in that the place was not picketed, you had no union trouble.

Mr. SCHWARTZ. That is correct.

The CHAIRMAN. But so far as a direct benefit to them by increase in wages, shorter hours, or improved working conditions, they got no direct benefit?

Mr. SCHWARTZ. Outside of the usual little raises from year to year. That is the only thing I could—

The CHAIRMAN. Well, you would do that anyway; wouldn't you?

Mr. SCHWARTZ. I suppose. Changing times, I mean, with a little inflation creeping up. You do those things.

The CHAIRMAN. Did you ever sit down and negotiate a contract with the union?

Mr. SCHWARTZ. No, sir.

The CHAIRMAN. Did they ever ask you to negotiate a contract?

Mr. SCHWARTZ. No, sir.

The CHAIRMAN. Did you ever sign a contract?

Mr. SCHWARTZ. No; I never did.

The CHAIRMAN. All right.

Senator CHURCH. Did representatives of this local ever come in and urge you or undertake to persuade you to make these little increases in wages for your employees from time to time, or did you do that entirely on your own?

Mr. SCHWARTZ. Well, perhaps we are speaking of two different things. Are you speaking of local 593, miscellaneous?

Senator CHURCH. I am speaking of local 593, yes, the one that you made this \$56-a-month payoff to.

Mr. SCHWARTZ. No; there was no discussion with them.

Senator CHURCH. So you have been paying, then, solely for the purpose of—

Mr. SCHWARTZ. Of maintaining peace.

Senator CHURCH. Of maintaining peace.

Mr. SCHWARTZ. That is correct.

Senator CHURCH. And you were afraid that if you failed to make them, they might make trouble for you?

Mr. SCHWARTZ. I would not say I was afraid. I never entered into it.

Senator CHURCH. If you weren't afraid that they might make trouble for you, then there wouldn't be any point in continuing payments; would there?

Mr. SCHWARTZ. Well, I paid a large sum of money for this business, and I wanted to stay in business, and I just didn't want to have any difficulties with anybody. I maintained the status quo, as it were.

Senator CHURCH. If their charge was \$56 a month for maintaining the status quo, then you were willing to pay the \$56 a month?

Mr. SCHWARTZ. Yes, sir.

Senator CHURCH. Do you regard this as just a business expense?

Mr. SCHWARTZ. Well, I am afraid I have to.

Senator CHURCH. Do you deduct it as a business expense on your income tax returns of your business?

Mr. SCHWARTZ. I imagine it has been handled that way; yes.

Senator CHURCH. I have no further questions.

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Do you pay a Christmas bonus to your employees?

Mr. SCHWARTZ. I have at times, yes, when conditions warranted it and you can afford it.

Senator GOLDWATER. Do you pay any other bonuses through the year when you can afford it?

Mr. SCHWARTZ. No, not at that establishment. No.

Senator GOLDWATER. Do you have any fund from which your employees can borrow, or do you personally help them out once in a while?

Mr. SCHWARTZ. I personally do, yes, sir.

Senator GOLDWATER. Do you do much of that?

Mr. SCHWARTZ. Quite a bit.

Senator GOLDWATER. Do you ever get stuck?

Mr. SCHWARTZ. I have in the past, at different times.

Senator GOLDWATER. Do you have any way of knowing what your waitresses' tips might average?

Mr. SCHWARTZ. Well, you hear a lot of conversation as to just what they do, but I never inquire. I would not be in a position to give a fair estimate of it, I don't think.

Senator GOLDWATER. Have they or any of your employees ever come to you and asked that you allow them to seek representation by a union?

Mr. SCHWARTZ. Would you repeat the question, please?

Senator GOLDWATER. Have your waitresses or any other of your employees ever sought through you permission to seek recognition from the union, and to be represented by a union?

Mr. SCHWARTZ. No.

Senator GOLDWATER. Have they seemed to be satisfied with the working conditions there?

Mr. SCHWARTZ. Yes.

Senator GOLDWATER. Do your employees stay with you a reasonable length of time compared—

Mr. SCHWARTZ. Well, there are some that do.

I would say perhaps 50 percent of the employees are steady and reliable, maybe 60 percent, and then there is certain element that are just transient, such as cooks and waitresses and busboys, dishwashers and so forth.

Senator GOLDWATER. There is a very high turnover in the restaurant business, isn't there?

Mr. SCHWARTZ. I think the average is about 8 times a year for the number of employees; yes, sir.

Senator GOLDWATER. That is all.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That's all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Jack Kinner.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KINNER. Yes, sir.

TESTIMONY OF JACK KINNER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. KINNER. I am Jack Kinner. I live at 321 Desplaines, Riverside. My business is 163 West Van Buren.

The CHAIRMAN. What is your business?

Mr. KINNER. The restaurant business.

The CHAIRMAN. Do you waive counsel?

Mr. KINNER. I do.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Duffy will question this witness.

The CHAIRMAN. All right, Mr. Duffy.

Mr. DUFFY. Mr. Kinner, you heard the testimony of the prior witness?

Mr. KINNER. I did.

Mr. DUFFY. Did you also inherit a situation whereby you paid dues on certain of your employees?

Mr. KINNER. That is right.

Mr. DUFFY. What was the first year you started making this arrangement?

Mr. KINNER. 1948.

Mr. DUFFY. What was the union involved?

Mr. KINNER. 593.

Mr. DUFFY. What business agent came to you and asked you to make an arrangement of this type?

Mr. KINNER. Cinegram.

Mr. DUFFY. C-i-n-e-g-r-a-m?

Mr. KINNER. That is right.

Mr. DUFFY. Business agent of local 593?

Mr. KINNER. Yes, sir.

Mr. DUFFY. What did he say to you at that time?

Mr. KINNER. This was already in effect. I just continued.

Mr. DUFFY. Did he ask you if you were going to continue the arrangements?

Mr. KINNER. That is right.

Mr. DUFFY. Did he threaten you with a picket line unless you did?

Mr. KINNER. Yes.

Mr. DUFFY. What did he say to you, if you recall?

Mr. KINNER. Well, that is a long time ago. There was a place picketed across the street from me shortly after that.

Mr. DUFFY. And you continued that arrangement then?

Mr. KINNER. Yes.

Mr. DUFFY. Because he had threatened you?

Mr. KINNER. Yes, sir.

Mr. DUFFY. How long did you continue to pay dues to local 593?

Mr. KINNER. Until last month.

Mr. DUFFY. How many did you pay on?

Mr. KINNER. Eight.

Mr. DUFFY. Out of how many employees?

Mr. KINNER. Fifteen or sixteen employees.

Mr. DUFFY. Eight out of sixteen employees you paid dues on.

Mr. KINNER. Yes.

Mr. DUFFY. You continued that up to the present time?

Mr. KINNER. Yes, sir.

Mr. DUFFY. Mr. Cinegram stopped coming around and another business agent came in for him?

Mr. KINNER. Yes.

Mr. DUFFY. Who was that?

Mr. KINNER. I never heard his name.

Mr. DUFFY. Some time in 1957 did another business agent come in?

Mr. KINNER. Yes.

Mr. DUFFY. Was that Mr. Albi?

Mr. KINNER. Well, he was at the same time. Not always together, but one or the other did.

Mr. DUFFY. Also an official of 593?

Mr. KINNER. Yes.

Mr. DUFFY. Have you made any changes in this list over the years?

Mr. KINNER. Yes. It is up to date at present. It was not for a while.

Mr. DUFFY. When did you bring it up to date?

Mr. KINNER. About a year ago.

Mr. DUFFY. Are you sure it has been a year?

Mr. KINNER. Well, it is some time within the year.

Mr. DUFFY. In the last few months possibly?

Mr. KINNER. I am sure it is at least 8 months or 10.

Mr. DUFFY. Do you pay your employees union wage scale?

Mr. KINNER. Well, I think some do.

Mr. DUFFY. On this particular item, you pay the dues yourself and write it off on your tax returns?

Mr. KINNER. That is right.

Mr. DUFFY. Do you pay union scale to this group?

Mr. KINNER. I think most of them.

Mr. DUFFY. Do you know what union scale is?

Mr. KINNER. I don't think so.

Mr. DUFFY. Do you have a signed contract with 593?

Mr. KINNER. I believe I do.

Mr. DUFFY. When did you sign it?

Mr. KINNER. It has been some years ago.

Mr. DUFFY. Do you know what union scale is on those employees?

Mr. KINNER. No, I do not.

Mr. DUFFY. So you don't know if you pay your employees union scale or not?

Mr. KINNER. No.

The CHAIRMAN. You say you think there was on a contract you signed many years ago?

Mr. KINNER. Yes.

The CHAIRMAN. How long was it to be in effect?

Mr. KINNER. I don't think there was any date on it.

The CHAIRMAN. Do you have a copy of it?

Mr. KINNER. I may have. I am not sure.

The CHAIRMAN. Have you ever been interested to see what it provided?

Mr. KINNER. Well, they didn't make any effort—

The CHAIRMAN. A little louder.

Mr. KINNER. They made no effort to do anything about it.

The CHAIRMAN. They didn't enforce the contract, whatever it was?

Mr. KINNER. No.

The CHAIRMAN. It has never been enforced?

Mr. KINNER. No.

The CHAIRMAN. All they have been concerned with is your making the payments?

Mr. KINNER. As far as I know.

The CHAIRMAN. There has been no complaint about anything else?

Mr. KINNER. No.

The CHAIRMAN. They have not been solicitous about the welfare of your employees?

Mr. KINNER. No.

The CHAIRMAN. So, from your viewpoint, this keeps them off your neck; they don't picket you or give you trouble; it is a satisfactory arrangement?

Mr. KINNER. Well, we could not help ourselves too much on it.

The CHAIRMAN. You felt you could not help yourself?

Mr. KINNER. That is right.

The CHAIRMAN. You felt if you did not continue this arrangement you would be picketed and maybe put out of business?

Mr. KINNER. Yes, sir.

The CHAIRMAN. You are doing it under intimidation and coercion?

Mr. KINNER. Yes, sir.

The CHAIRMAN. Is that the way you regard it?

Mr. KINNER. Yes, sir.

The CHAIRMAN. Do your men put you in the union know they are in the union?

Mr. KINNER. Yes, sir.

The CHAIRMAN. How do you give them that information?

Mr. KINNER. I just told them about it, and they did not want to join the union.

The CHAIRMAN. They did not want to?

Mr. KINNER. No.

The CHAIRMAN. They told you they did not want to belong to a union?

Mr. KINNER. That is right.

The CHAIRMAN. And yet, you in agreement with union officials put them in there anyhow?

Mr. KINNER. Yes; and that is they would not join of their own accord.

The CHAIRMAN. They would not of their own accord?

Mr. KINNER. No.

The CHAIRMAN. Did you ever hear of them attending union meetings or getting any notice of union meetings?

Mr. KINNER. No.

The CHAIRMAN. They are just kind of pawns in this transaction?

Mr. KINNER. I suppose so.

The CHAIRMAN. Is that right?

Mr. KINNER. I suppose so.

The CHAIRMAN. Are there any further questions?

Mr. DUFFY. Could I ask Mr. Gotsch a few questions?

I want to ask about the number of these employees, and are any of these employees cooks that he is paying on?

Mr. GOTSCH. He is paying on three cooks.

Mr. DUFFY. Can these cooks belong to this local 593?

Mr. GOTSCH. No; they belong to local 88.

Mr. DUFFY. Actually Mr. Kinner put three cooks in the union that don't even belong in the union?

Mr. GOTSCH. That is correct.

Mr. DUFFY. Were they paid union scale if they were considering the union scale for the cooks?

Mr. GOTSCH. No; they are not. They are paid below union scale.

Mr. DUFFY. What is the total saving to the employer here by not paying his employees union wage scale?

Mr. GOTSCH. Approximately \$13,300 per year.

Mr. DUFFY. I think that is all.

The CHAIRMAN. Is there anything further? Would you like to get out from under this arrangement?

Mr. KINNER. Yes, sir; I believe so.

The CHAIRMAN. You realize it is not strictly on the up and up; don't you?

Mr. KINNER. Yes, sir.

The CHAIRMAN. You would like to get out from under it?

Mr. KINNER. Yes, sir.

The CHAIRMAN. But you feel that you and other small restaurant people like you are the victims of an organization that can impose on you and do you harm and injury in your business unless you do their bidding and conform to their demands?

Mr. KINNER. That is right.

The CHAIRMAN. That is a bad situation in this land of the home of the free and so forth; is it not?

Mr. KINNER. It is.

The CHAIRMAN. Well, I appreciate your cooperation.

Mr. DUFFY. I have one more question, Mr. Chairman. How much do you pay to the union, local 593, every month?

Mr. KINNER. Well, they come in every month.

Mr. DUFFY. Is it \$56?

Mr. KINNER. For 2 months; yes.

The CHAIRMAN. Is there anything further?

Senator CHURCH. I have one question, Mr. Chairman.

You make these payments as a business payment and you don't deduct these dues from your employees, do you? From the wages you pay to your employees?

Mr. KINNER. That is right.

Senator CHURCH. Do you deduct these payments as a business expense on your income tax?

Mr. KINNER. Yes.

Senator CHURCH. That is all.

Mr. KENNEDY. I would like to point out once again, Mr. Chairman, that all of these payments that are being made in this fashion, not only by this witness but by the previous witnesses, including Mr. Allgauer and witnesses yesterday and last week, are all illegal under section 302 of the Taft-Hartley.

The CHAIRMAN. All right.

Thank you very much. Call the next witness.

Mr. KENNEDY. Mr. Ashley U. Ricketts.

The CHAIRMAN. Come forward, please, sir.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RICKETTS. I do.

**TESTIMONY OF ASHLEY U. RICKETTS, ACCOMPANIED BY
COUNSEL, RICHARD B. FINN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. RICKETTS. My name is Ashley U. Ricketts. I live in Park Ridge, Ill. My place of business is the Homestead Restaurant, 8305 West North Avenue, Maywood, Ill.

The CHAIRMAN. You are in the restaurant business? You are a restaurant owner and operator?

Mr. RICKETTS. Yes, sir; I am a third generation in the restaurant business, Senator.

The CHAIRMAN. Thank you.

You have counsel.

Mr. Counsel, will you identify yourself for the record?

Mr. FINN. My name is Richard B. Finn. I am an attorney licensed to practice before the Supreme Court of Illinois and the Supreme Court of the United States. My office is 39 South La Salle Street, Chicago, Ill.

The CHAIRMAN. Thank you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. In 1938 or 1939 you purchased the Homestead Restaurants?

Mr. RICKETTS. Yes, sir.

Mr. KENNEDY. That is on West North Avenue, Maywood, Ill.?

Mr. RICKETTS. That is right.

Mr. KENNEDY. When you took over the restaurant, it was partially union?

Mr. RICKETTS. Yes, it was.

Mr. KENNEDY. Were you paying any moneys to the union previous—

Mr. RICKETTS. No, it was only 14 tables and a bar.

Mr. KENNEDY. And some of the employees were members of union; is that right?

Mr. RICKETTS. Yes.

Mr. KENNEDY. In 1952 or 1953 were you approached by union representatives?

Mr. RICKETTS. Yes, I was.

Mr. KENNEDY. By whom?

Mr. RICKETTS. The business agent of union 450.

Mr. KENNEDY. That is Mr. Couba?

Mr. RICKETTS. That is right.

Mr. KENNEDY. He was business agent?

Mr. RICKETTS. That is right.

Mr. KENNEDY. What had he requested you to do at that time?

Mr. RICKETTS. Well, from 1948 to 1952 we increased some of the girls, the waitress, and the waitresses, the ones that were out in the country there, were union, and we had a few dishwashers. So all

he asked them was to have some of the dishwashers sign up. So I agreed to pay their union dues.

Mr. KENNEDY. Did the dishwashers themselves indicate that they wanted to join the union?

Mr. RICKETTS. No.

Mr. KENNEDY. He just wanted you to put a number of people in the union?

Mr. RICKETTS. That is right. The dishwashers would not—

Mr. KENNEDY. The employees themselves had not been consulted, is that right?

Mr. RICKETTS. Just the dishwashers.

Mr. KENNEDY. Had they been consulted?

Mr. RICKETTS. No.

Mr. KENNEDY. He just wanted their names?

Mr. RICKETTS. That is right. They were Mexicans and they didn't understand the union business, so I signed up for them.

Mr. KENNEDY. And you paid the initiation fees and dues?

Mr. RICKETTS. That is right.

Mr. KENNEDY. How many of them were signed up?

Mr. RICKETTS. There were just four of them.

Mr. KENNEDY. Did you pay the dues each month after that?

Mr. RICKETTS. That is right.

Mr. KENNEDY. You gave a check to the union?

Mr. RICKETTS. No, I paid them cash and then took it out of the business expense, every 3 months.

Mr. KENNEDY. How much did you pay every 3 months?

Mr. RICKETTS. We took a slip, he gave us the receipt, we got a card, signed them up, and took a receipt from the cash.

Mr. KENNEDY. How much did you pay every 3 months?

Mr. RICKETTS. I think it was about \$40 or \$42.50 every 3 months.

Mr. KENNEDY. Why did you pay this in cash?

Mr. RICKETTS. Well, I think it was just out of the business, I would say out of the cash, the petty cash, as it was.

Mr. KENNEDY. I understand. Most of your bills you pay by check; don't you?

Mr. RICKETTS. Most of them, yes. No, I would not say—well, I would say yes most of them you do pay by check, Senator.

The CHAIRMAN. In no instance did you give a check?

Mr. RICKETTS. No.

The CHAIRMAN. You don't know whether that money went into the union treasury or not?

Mr. RICKETTS. I imagine it did. That I don't know, but they had a receipt, we have receipts for it. They wrote out their name.

The CHAIRMAN. Signed by them as union officials?

Mr. RICKETTS. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. These four employees that were working, the miscellaneous employees, dishwashers, didn't remain with you very long, did they?

Mr. RICKETTS. No. Dishwashers come and go, Mr. Kennedy.

Mr. KENNEDY. But you continued to pay on these same individuals?

Mr. RICKETTS. That is right.

Mr. KENNEDY. There was never any interest as far as the employees themselves were concerned? They did not get any benefit out of this?

Mr. RICKETTS. The dishwashers?

Mr. KENNEDY. Yes.

Mr. RICKETTS. No.

Mr. KENNEDY. The reason you were paying the money was just to keep——

Mr. RICKETTS. The business going.

Mr. KENNEDY. The business going, is that right, to avoid difficulties and troubles with the union?

Mr. RICKETTS. Well, I wouldn't say there would be any trouble. It was just the idea——

Mr. KENNEDY. Why would you suddenly start paying \$56—how much was it you paid?

Mr. RICKETTS. \$42.50.

Mr. KENNEDY. To this group.

Mr. RICKETTS. Every 3 months.

Mr. KENNEDY. Why would you do that?

Mr. RICKETTS. Well, if it was a union shop, the girls are union, the bartenders are union, and the dishwashers——

Mr. KENNEDY. But the dishwashers never indicated they wanted to join the union.

Mr. RICKETTS. No, they would quit.

Mr. KENNEDY. They would have quit rather than join the union?

Mr. RICKETTS. One thing I want to do——

Mr. KENNEDY. Wait a moment. I want to get this point straight, that the reason you paid this money was to avoid any difficulty with the union.

Mr. RICKETTS. That is right, sir.

Mr. KENNEDY. In 1956, Mr. Leonardi took over from Mr. Couba, and he was another business agent, is that right?

Mr. RICKETTS. That is right.

Mr. KENNEDY. And he wanted four new names?

Mr. RICKETTS. That is right.

Mr. KENNEDY. You submitted four new names and continued the arrangement?

Mr. RICKETTS. That is right.

Mr. KENNEDY. This was just a pattern that was accepted by everybody in the union or at least the representatives that contacted you?

Mr. RICKETTS. That is right, so far as the dishwashers.

Mr. KENNEDY. He continued the arrangement but wanted four new names?

Mr. RICKETTS. That is right.

The CHAIRMAN. Were those additional names?

Mr. RICKETTS. Yes.

The CHAIRMAN. That made eight?

Mr. RICKETTS. No. It is the same four.

The CHAIRMAN. You still continued to pay on four, but new names.

Mr. RICKETTS. I had five.

Mr. KENNEDY. This is an arrangement that you understand is generally followed amongst restaurants in Chicago?

Mr. RICKETTS. That is right, sir.

Mr. KENNEDY. As we have discussed, we are going to put in the wage scale and what the union scale is and then you will discuss what extra benefits you give your employees.

Mr. RICKETTS. Fine.

Mr. KENNEDY. Will you tell the committee what the arrangements were for the four employees that were put in the union in 1956?

Are any of them presently working at the Homestead Restaurant?

Mr. RICKETTS. Yes, they are now, Mr. Kennedy.

Mr. KENNEDY. I am talking about the four at the time we made our investigation.

Mr. GOTSCH. At the time of our investigation, Mr. Kennedy, they had terminated their employment.

Mr. KENNEDY. None of them were working there?

Mr. GOTSCH. That is correct.

Mr. RICKETTS. The ones from 1950, that is right, you are right, Mr. Gotsch, that is right.

Mr. KENNEDY. Did you get four new names since then?

Mr. RICKETTS. Yes, since Mr. Gotsch and Mr. Kelly were in, we have the 4, 5.

Mr. KENNEDY. It doesn't really make any difference, does it? The use of names is just a farce, actually, in all of these cases, is it not?

You are just making payments and it doesn't matter whether you have names or not.

Mr. RICKETTS. That is true.

Mr. KENNEDY. For anybody it doesn't make any difference. That is just to try to give a shade of legality to the union, to this operation. But it is very synthetic, and it is obvious that there was no benefits for anybody out of this arrangement.

Let me ask you whether the union scale exists for the various employees.

Mr. GOTSCH. There are 15 miscellaneous employees at this restaurant. Four are union, on which Mr. Ricketts pays dues, and at the time of our visit three were being paid below union scale.

Mr. KENNEDY. What is the saving?

Mr. GOTSCH. The total saving yearly is \$8,500.

Mr. KENNEDY. If they had to pay union scale on these employees, the employees of the restaurant, they would have to pay \$8,500 more, approximately?

Mr. GOTSCH. Additionally; that is correct.

Mr. KENNEDY. You have something you wanted to say?

Mr. RICKETTS. On the union scale; that is on the dishwashers?

Mr. GOTSCH. Actually, they are porters.

Mr. RICKETTS. Well, that is the busboys and the dishwashers.

Mr. KENNEDY. And that includes the waitresses also.

Mr. RICKETTS. Sir?

Mr. KENNEDY. The waitresses.

Mr. GOTSCH. The waitresses are paid slightly below union scale.

Mr. KENNEDY. \$1,800 of that is waitresses.

Mr. RICKETTS. In the waitresses, as far as comparing with the union, they get 2 meals a day instead of 1. Then they get—we have a health policy from John Hancock Insurance, and a \$1,000 life policy and surgical, if they go to the hospital. Then they get their uniforms free, they get paid vacations, and we give them a Christmas—well, in

other words, we treat them nice because we haven't had too much turnover with the waitresses. As far as the dishwashers, we just completed a home in back, and \$16,000 bunkhouse, I would say; they have never lived so well. They have 3 meals a day, board and room, and \$7 a day. So it is 6 days a week, and they get a day. And at Christmastime we are closed on Christmas, and we give them a Christmas gift there.

Mr. KENNEDY. I understand you run a very nice restaurant.

Mr. RICKETTS. Thank you, Mr. Kennedy.

On the dishwashers, these are the tax returns [indicating] in 1 year of the dishwashers that have come back "do not live here any more." So as far as dishwashers, they are just all transients.

That is why we have a place where they can live.

The CHAIRMAN. It would actually be hard to organize them and to keep them organized, would it not?

Mr. RICKETTS. That is right.

The CHAIRMAN. The turnover is too fast.

Mr. RICKETTS. That is right.

The CHAIRMAN. In order to try to keep good ones, you have gone to this extra expense to give them fringe benefits over and above the salary you pay?

Mr. RICKETTS. That is right. We are out in the country and there is no transportation. But being in this business, it is a wonderful business, it is a hard business. I would just like to say one thing before we leave, and that is on fires. This gentleman is a specialist, but in the restaurant industry, grease fires are the most prevalent and it is the most highly flammable. Most of the places render grease. It will be on top of a stove and within a short time if they don't watch—well, that is all I wanted to touch on.

The CHAIRMAN. When that occurs, a grease fire, as you term it, when that occurs you usually know the cause of it, don't you?

Mr. RICKETTS. That is right.

The CHAIRMAN. The whole building just doesn't go up in one flame.

Mr. RICKETTS. That is right.

The CHAIRMAN. So it is not difficult to determine or detect the cause when it happens in that fashion?

Mr. RICKETTS. That is right.

Senator CHURCH. Mr. Ricketts, I think as has been emphasized earlier today, that it should be stressed that the purpose of this committee is not to try to make it appear to the people of Chicago that you are unfair to your employees. I do think that your testimony indicates the same old pattern that we have seen again and again and again among the restaurant owners in Chicago.

That pattern involves this one continuing characteristic, that with respect to these 2 or 3 unions that we are now investigating, these particular locals, employers are paying tribute to stay out of trouble.

I think that is a terribly sad thing because this country has never taken easy to tribute; we once sent the United States Navy over to settle with some pirates that were trying to exact tribute from our Government.

It looks to me like you have some pirates in Chicago that need smoking out. I just hope that the disclosures that are being made in the course of these hearings assist in smoking out these pirates so that

we can put an end to tribute in legitimate business enterprises in Chicago and elsewhere in the country.

Mr. KENNEDY. I would just like to aid that in all of this the employees are the ones that get no representation. They are the ones that desire representation, possibly, and are qualified and should have representation.

They receive none. They are the ones that suffer.

Senator CHURCH. Yes. I think we could go one step further and say that by virtue of locals of this kind, legitimate locals that would undertake to represent the interest of their employees are frozen out.

Mr. KENNEDY. That is right.

The CHAIRMAN. Is there anything further?

If not, thank you very much.

The Chair has to attend a conference this afternoon on an appropriations bill and will not be able to return as early as the normal time. I think we will have to adjourn over until 2:45 this afternoon.

(Whereupon, at 12:25, the hearing recessed to reconvene at 2:45 p. m. of the same day, with the following members present: Senators McClellan and Church.)

AFTERNOON SESSION

(At the reconvening of the session, the following members were present: Senators McClellan and Church.)

The CHAIRMAN. The committee will come to order.

Call the next witness.

Mr. KENNEDY. Mr. George Annes.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee, shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ANNES. I do.

TESTIMONY OF GEORGE ANNES

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. ANNES. My name is George J. Annes. I live at 915 Isabella Street, Evanston, Ill. My business is at 105 South Wampus, Johnny's Steak House.

The CHAIRMAN. You operate a restaurant?

Mr. ANNES. Yes, sir.

The CHAIRMAN. You waive counsel, do you?

Mr. ANNES. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. The name of your restaurant is Johnny's Steak House?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. You have been in the restaurant business since approximately 1921, is that right?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. You opened Johnny's Steak House how long ago?

Mr. ANNES. About 3 years ago, thought not quite.

Mr. KENNEDY. About 3 years ago?

Mr. ANNES. Yes.

Mr. KENNEDY. You have been making payments to the union periodically?

Mr. ANNES. No. I pay the dues for the kitchen help.

Mr. KENNEDY. How did you happen to start paying dues, or supposed dues? How did you happen to start doing that?

Mr. ANNES. Well, I, after I opened up the place, about 2½ years ago, Mr. Cinegram approached me—

Mr. KENNEDY. Mr. Charles Cinegram?

Mr. ANNES. Yes.

Mr. KENNEDY. He is formerly a business agent for local 593, Mr. Chairman.

Mr. ANNES. Yes, sir.

Mr. KENNEDY. O. K.; what did he say to you?

Mr. ANNES. That, if I would not agree, he would have it full of pickets.

Mr. KENNEDY. That if you would not agree to put in a certain number of your employees?

Mr. ANNES. Not some; all of them.

Mr. KENNEDY. You had to put all of them in?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. Had he approached your employees before that?

Mr. ANNES. I don't know if he did or not.

Mr. KENNEDY. He just wanted all of the men, and you were to pay the initiation fees and the due on them; is that right?

Mr. ANNES. All I did was pay the initiation and the dues for the kitchen.

Mr. KENNEDY. Did you agree to do that then?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. How many employees were there involved?

Mr. ANNES. I would say around 45 or 50.

Mr. KENNEDY. Did you put all of them in?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. All 45 were put in the union?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. How many did you pay dues on?

Mr. ANNES. Around 15.

Mr. KENNEDY. About 15 you paid the dues on, and the rest paid their own?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. And the rest paid their own to the stewards?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. Why did you agree to make these payments?

Mr. ANNES. Well, the kitchen help, they would not pay.

Mr. KENNEDY. They did not want to join the union?

Mr. ANNES. They don't want to join the union and they don't want to pay the dues, so I did it to keep the help.

Mr. KENNEDY. They said they would quit if they had to join the union and pay their dues?

Mr. ANNES. No; if they join the union—they don't mind joining the union, but they don't want to pay the dues.

Mr. KENNEDY. Part of being a member of the union is paying dues, so they didn't want to join the union and have to pay their dues; is that correct?

Mr. ANNES. Well, that is it.

Mr. KENNEDY. So, in order to keep your employees, in order to keep them working there, you had to pay the dues for them?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. Did you write out a check?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. How often did you give them a check?

Mr. ANNES. I think it is every other month.

Mr. KENNEDY. How much did you pay?

Mr. ANNES. I think around \$40 or \$50. I don't know exactly, now.

Mr. KENNEDY. Did you ever discuss the wages, hours, or conditions of your employees with the steward?

Mr. ANNES. No.

Mr. KENNEDY. Did you ever sign a contract with the union?

Mr. ANNES. Yes.

Mr. KENNEDY. Where is the contract?

Mr. ANNES. I got it at my premises.

Mr. KENNEDY. Have you got a contract?

Mr. ANNES. Yes, sir.

Mr. KENNEDY. When we were out there the last time, you were not able to find it.

Mr. ANNES. Yes, and the next day I did find it, and I got it in the premises, in the office.

Mr. KENNEDY. Did the contract signify how much you should pay your employees?

Mr. ANNES. I didn't even look at the contract.

Mr. KENNEDY. Have you ever read the contract?

Mr. ANNES. No, sir.

Mr. KENNEDY. Has the union ever evidenced any interest in what you are paying your employees? Have they ever come to you and said you should pay them more, or anything like that?

Mr. ANNES. They never asked me. I don't know if they didn't ask the employees.

Mr. KENNEDY. I will have to ask Mr. Gotsch——

Mr. GOTSCH. The annual savings for this restaurant is \$10,900 a year.

Mr. KENNEDY. If they paid union scale?

Mr. GOTSCH. To all employees; that is right.

Mr. KENNEDY. It would cost them \$10,900 more?

Mr. GOTSCH. Additionally, per year. The total number of employees in the various categories in this restaurant total 49. Thirty-nine are union, and, of these 39 union employees, 21 are paid below scale and 18 are paid above scale. Of the 10 nonunion employees here, 6 are paid below scale and 4 are paid above scale.

Mr. KENNEDY. That is on the 15 he is paying the dues on, or the 10 that he is paying the dues on?

Mr. GOTSCH. Fifteen is correct.

Mr. KENNEDY. How many of those are below union scale?

Mr. GOTSCH. Of the 15?

Mr. KENNEDY. Yes.

Mr. GOTSCH. Eight and ten. It is 8 miscellaneous and 2 cooks.

Mr. KENNEDY. And, even on the others, where they are paying dues, the union dues, themselves, a number of them are being paid below union scale; is that right?

Mr. GOTSCH. That is right.

Mr. KENNEDY. That is all.

The CHAIRMAN. Why did you put these folks in a union when they didn't want in a union?

Mr. ANNES. Do you mean the help?

The CHAIRMAN. Yes; your help.

Mr. ANNES. They said they don't want to belong to the union. That is all they told me about.

The CHAIRMAN. They didn't want to belong?

Mr. ANNES. They didn't want to pay their dues.

The CHAIRMAN. They didn't want to have to pay dues?

Mr. ANNES. That is right.

The CHAIRMAN. And you have been paying the dues for them?

Mr. ANNES. That is right.

The CHAIRMAN. Why do you do that?

Mr. ANNES. To keep the help.

The CHAIRMAN. To keep the help. Well, they were willing to stay there without being in a union.

Mr. ANNES. Then I am going to have trouble with the union.

The CHAIRMAN. The real reason was you did it to avoid trouble with the union.

Mr. ANNES. That is right.

The CHAIRMAN. And, of course, if you had trouble with the union, you might not be able to keep the help.

Mr. ANNES. Keep the help or keep the business.

The CHAIRMAN. You might not be able to keep your business?

Mr. ANNES. That is right.

The CHAIRMAN. Do you feel that this is a just payment?

Mr. ANNES. Well—

The CHAIRMAN. Well? Sir?

Mr. ANNES. I think it is. There is nothing else I can do.

The CHAIRMAN. You think there is nothing else you can do?

Mr. ANNES. That is right.

The CHAIRMAN. That does not necessarily mean that it is just, that it is fair, that it is right.

Mr. ANNES. Well, I don't think it is right, but there is nothing else I could do.

The CHAIRMAN. You don't think it is right, but there is nothing else you could do if you were to continue in business; that is the way you felt about it?

Mr. ANNES. That is right.

The CHAIRMAN. What benefit do these employees that you pay on get from it?

Mr. ANNES. They have insurance, a welfare fund.

The CHAIRMAN. They have a welfare fund?

Mr. ANNES. Yes, sir.

The CHAIRMAN. Did they have that before they went into the union?

Mr. ANNES. No; after they went in the union I paid that every month myself, \$5.65 an employee.

The CHAIRMAN. How much?

Mr. ANNES. \$5.65 each employee.

The CHAIRMAN. That goes into a welfare fund.

Mr. ANNES. That is right.

The CHAIRMAN. But so far as any benefit they got from increase in wages, shorter hours, or improved working conditions, they got nothing?

Mr. ANNES. Well, they get almost all the union scale, and they get bonus.

The CHAIRMAN. They get what?

Mr. ANNES. They get a bonus once a year, every Christmas.

The CHAIRMAN. They get a what once a year?

Mr. ANNES. A Christmas bonus.

The CHAIRMAN. You have been giving that anyway, haven't you?

The union didn't make you give them a Christmas bonus?

Mr. ANNES. No.

The CHAIRMAN. That had nothing to do with the union?

Mr. ANNES. No, sir.

The CHAIRMAN. You do that just because you appreciate your employees and the work that they do.

Mr. ANNES. That is right.

The CHAIRMAN. And you try to share your prosperity or your profits with them?

Mr. ANNES. That is right.

The CHAIRMAN. But the union did not require you to do that.

Mr. ANNES. No.

The CHAIRMAN. You do that yourself?

Mr. ANNES. Yes.

The CHAIRMAN. So they don't get that benefit by reason of their being in the union?

Mr. ANNES. No, sir.

The CHAIRMAN. Are you still making these payments?

Mr. ANNES. Yes, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. No.

The CHAIRMAN. Senator Church?

Senator CHURCH. No, Mr. Chairman. This is just an extension of the same pattern that has now become very familiar to this committee. I have no questions.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Jack DeMar.

The CHAIRMAN. Mr. DeMar? Be sworn, please. You solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DeMAR. I do.

TESTIMONY OF JACK A. DeMAR

The CHAIRMAN. State your name, your place of residence and your business or occupation.

Mr. DeMAR. My name is Jack A. DeMar. I am a restaurateur. I live at 2918 West Hollywood, Chicago, Ill.

The CHAIRMAN. Do you have counsel or do you waive counsel?

Mr. DEMAR. I waive counsel.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. DeMar, how many restaurants do you have in the Chicago area?

Mr. DEMAR. Twelve.

Mr. KENNEDY. In 1948, Mr. DeMar, were you approached by a representative of local 593 to sign up some of your employees?

Mr. DEMAR. Yes, sir.

Mr. KENNEDY. By whom were you approached?

Mr. DEMAR. I was approached by a fellow by the name of Ben.

Mr. KENNEDY. T-o-m-p-k-i-n-s?

Mr. DEMAR. Yes, sir.

Mr. KENNEDY. He is business agent for local 593?

Mr. DEMAR. Yes, sir.

Mr. KENNEDY. What conversation did you have with him?

Mr. DEMAR. He asked me to sign up all the help that worked for me in three different locations. There was 1159 South Canal Street, 800 West Madison Street, and 156 East Ohio Street.

I told him "I can't sign them up. Go sign them up yourself. They are working in the grills, not in the kitchen." We have open grills. So he talked to them and then left. He came back 2 days later and said "If you don't sign the help up, you are going to have pickets."

I said "Go ahead and picket the store."

The next day they had pickets in front of the three stores. They started about 7 in the morning.

Mr. KENNEDY. Did this hurt your business?

Mr. DEMAR. We were dead.

Mr. KENNEDY. You were dead?

Mr. DEMAR. Dead.

Mr. KENNEDY. The picket line finished you?

Mr. DEMAR. We didn't have two customers from 7 in the morning until 2 in the afternoon.

Mr. KENNEDY. What did you do then?

Mr. DEMAR. I went down to 10 North Wells Street.

Mr. KENNEDY. That is the headquarters of 593?

Mr. DEMAR. That is right.

Mr. KENNEDY. Who did you talk to there?

Mr. DEMAR. I don't remember.

Mr. KENNEDY. Was it Mr. Blakeley, who was vice president of the union?

Mr. DEMAR. I don't remember.

Mr. KENNEDY. Are you sure?

Mr. DEMAR. Positive.

Mr. KENNEDY. Didn't you think initially it was Mr. Blakely?

Mr. DEMAR. I thought it was him, but I don't remember. I could not say for sure.

Mr. KENNEDY. All right. Go ahead. What did you do when you got down there?

Mr. DEMAR. I signed up 3 at 1159 Canal Street, and I signed up 4 people at 800 West Madison Street, and I signed up 3 at 156 East Ohio. We only had between 4 and 6 people working at those stores. They are real small 12 stool grills. We call them hamburger shops.

Mr. KENNEDY. You only had three restaurants at that time?

Mr. DEMAR. No; we had 9 at that time. But they only picked on those 3.

Mr. KENNEDY. And you signed three employees in each one?

Mr. DEMAR. No; I signed up my partners and my relatives that worked for me there.

Mr. KENNEDY. You signed up your own family?

Mr. DEMAR. Own family, that is right.

Mr. KENNEDY. The owners of the restaurant, they were the ones that were made members of the union?

Mr. DEMAR. That is right.

Mr. KENNEDY. What good can the union do for them?

Mr. DEMAR. Well, one of my partners died, and they buried him and they paid \$200 for it.

Mr. KENNEDY. Let me rephrase it. What could they do for him while he was alive?

Mr. DEMAR. I don't know, they couldn't do much for him.

Mr. KENNEDY. They couldn't do anything for him, is that right?

Mr. DEMAR. They could do nothing.

Mr. KENNEDY. Where did you pay the money to the union?

Mr. DEMAR. To get pickets off the line and stay in business.

Mr. KENNEDY. Did you continue to pay them periodically?

Mr. DEMAR. I paid every 2 months.

Mr. KENNEDY. How much?

Mr. DEMAR. We paid anywheres from \$14 every 2 months to \$21.

Mr. KENNEDY. For these employees, for these people you mentioned?

Mr. DEMAR. For those people.

Mr. KENNEDY. What about when you opened up a new restaurant, did the union approach you then?

Mr. DEMAR. They did come around, and they would sign up 4 or 5. It all depends on the size of the restaurants.

Mr. KENNEDY. And the arrangement continued; is that right?

Mr. DEMAR. The same way.

Mr. KENNEDY. This has been going on, then, for about 10 years; is that right?

Mr. DEMAR. That is right, sir.

Mr. KENNEDY. And you make these periodic payments?

Mr. DEMAR. That is right, sir.

The CHAIRMAN. What are your usual payments now?

Mr. DEMAR. \$3.50.

The CHAIRMAN. I beg your pardon?

Mr. DEMAR. About \$3.50.

The CHAIRMAN. A month per member?

Mr. DEMAR. The last time we paid for May-June and it was \$21, \$7, \$7, and \$7 for 101 East Grand Avenue. We have larger locations over at 3801 West Madison Street. We have 29 people working there, and we signed up 9. We pay \$42 every 2 months.

The CHAIRMAN. For all of your establishments now, what is the total of your monthly payments?

Mr. DEMAR. A little less than \$100 every 2 months. Less than \$200. Less than \$100 every 2 months.

The CHAIRMAN. You are paying something near \$100 each 2 months?

Mr. DEMAR. That is right.

The CHAIRMAN. Between \$500 and \$600 a year?

Mr. DEMAR. That is right.

The CHAIRMAN. That is to keep a picket line off of you?

Mr. DEMAR. That is right, sir.

The CHAIRMAN. And there is no other reason, I assume?

Mr. DEMAR. That is right.

Senator CHURCH. Mr. Chairman, I would say this has one new twist that heretofore has not been brought to the attention of the committee. That is, I believe this is the first case where the management itself was enrolled in the union. Has there been one other?

Mr. KENNEDY. Yes.

Senator CHURCH. It is the first one that has been called to my attention.

Mr. KENNEDY. It is the first one in this local.

Mr. DEMAR. We had some outsiders signed up in the union as we went along.

Senator CHURCH. But originally it was members of the family and representatives of the management.

Mr. DEMAR. Just the working partners.

Mr. KENNEDY. This is a form of extortion or blackmail; is it not?

Mr. DEMAR. I don't know what you call it. It is just a good way for me to stay in business.

Mr. KENNEDY. Isn't that what it is, you are making these payments for that purpose.

Mr. DEMAR. I am making the payments to stay in business and keep the picket lines off. I can't afford to have a strike.

Mr. KENNEDY. There is no place you can go in a situation such as this?

Mr. DEMAR. No, sir.

Senator CHURCH. Have you consulted your own attorney with regard to your situation?

Mr. DEMAR. No, sir.

Senator CHURCH. You have not?

Mr. DEMAR. No, sir.

Senator CHURCH. Do you, yourself, know of any laws of the State of Illinois that would protect you against this kind of thing?

Mr. DEMAR. Yes, sir.

Senator CHURCH. But you have never made an effort to secure the assistance of the prosecuting attorney or any other law enforcement officer?

Mr. DEMAR. No, I did not. But I hear say that some did, and they did not get nothing out of it.

Senator CHURCH. You had heard that some had tried and had gotten no satisfaction?

Mr. DEMAR. Yes. I heard him, many times.

Senator CHURCH. And they just went on paying the tribute?

Mr. DEMAR. That is right.

Mr. KENNEDY. Is this a general situation that you know about?

Mr. DEMAR. I hear say it is.

Mr. KENNEDY. You knew that before these hearings started, did you not?

Mr. DEMAR. Yes, sir.

Mr. KENNEDY. These are really relatively small restaurants that you have, although you have quite a number of them?

Mr. DeMAR. That is right, sir.

Mr. KENNEDY. Mr. Gotsch, could you tell us how much the waitresses are being paid, the employees are being paid?

You made a survey in what, three of the restaurants?

Mr. GOTSCH. Three of the restaurants.

Mr. KENNEDY. Could you tell us what the wage scale is? I think there are three that were partially unionized.

Mr. GOTSCH. The wage scale for the waitresses is \$3 per day in these restaurants.

Mr. DeMAR. What location was that?

Mr. GOTSCH. Pardon me?

Three locations involved, 4804 North Broadway, 3243 North Ashland Avenue, 3801 West Madison Street.

Mr. KENNEDY. That is about \$15 a week for a 5-day week?

Mr. GOTSCH. It is about \$14 a week savings.

The CHAIRMAN. Has the union ever shown any interest or been solicitous in any way about the welfare of your workers?

Mr. DeMAR. No, sir.

The CHAIRMAN. They have never been concerned about the wages they are receiving, the hours they are working, or the conditions of their employment?

Mr. DeMAR. No, sir.

The CHAIRMAN. They have never complained to you?

Mr. DeMAR. Never complained.

The CHAIRMAN. Never requested you to make any improvements or raise salaries or shorten hours or do anything?

Mr. DeMAR. No, they didn't.

The CHAIRMAN. They are just satisfied to get that much money?

Mr. DeMAR. Right.

Mr. KENNEDY. Mr. Chairman, this is about as low as we found at Carson's Restaurant, which we had last week, where they were only paying about \$3 a day.

Mr. DeMAR. Where did you get those figures of \$3 a day?

Mr. GOTSCH. From your partners.

Mr. DeMAR. You didn't get the right figures from my partners. We pay more than \$3 a day. We pay 50 cents an hour.

Mr. GOTSCH. In some cases you do.

Mr. DeMAR. We pay 50 cents an hour and guarantee the girl \$70 a week.

If she doesn't make \$70 a week at 50 cents an hour, we guarantee the difference. You know a girl can't live on \$15 a week. Her room rent is \$21.

Mr. KENNEDY. This is according to the records on the employees. We are glad, as to that, as the other witnesses have done, to have you put in information.

Mr. DeMAR. Maybe the girls worked 3 days.

Mr. KENNEDY. This is based on a per-hour scale of how much some of your people get at these restaurants.

Mr. DeMAR. Mr. Kennedy, he didn't get the right figures, I tell you.

Mr. GOTSCH. For example, at your Broadway store, here is a waitress working a 48-hour week and receiving \$24. That is 50 cents an hour. There are certain waitresses that do.

Mr. DEMAR. That is right. Do you mean to say that a girl makes a living on a half dollar an hour?

Mr. KENNEDY. How much is the union scale?

Mr. GOTSCH. Sixty-seven cents an hour.

Mr. KENNEDY. That is 17 cents below.

Mr. GOTSCH. A waitress at your store at 3801 Madison Street received \$3 a day for an 8-hour day. Some work a 5-day week, some 3 days and some 6 days.

Mr. DEMAR. Have you the names?

Mr. GOTSCH. Yes. The last name is Carmardo, Virginia Carmardo.

Mr. DEMAR. She works part time.

Mr. GOTSCH. How about Gladys Moore. She works a 6-day week.

Mr. DEMAR. That is right.

Mr. GOTSCH. She gets \$3 a day.

Mr. DEMAR. Yes, but she cashed in Saturday and Sunday \$37, she cashed in in nickels, dimes, and quarters, \$37. I cashed in her money myself.

The CHAIRMAN. Are you talking about tips?

Mr. DEMAR. That is right, sir.

The CHAIRMAN. We are talking about what you pay out of your business income.

Certainly they get tips, and, considering their tips, they may be well paid. But the important thing of this is to show you have a union that claims it has a union scale and getting people to join, or coercing business people into joining the union, putting their employees in a union and then they have no further interest in it at all.

They are not in the legitimate union movement business. They are practicing a racket. You may employ a waitress at \$3 a day, and she may make \$10 a day or \$15 a day with her tips.

Mr. DEMAR. I have girls that we pay \$65 a week. She don't pick up any money, and we give her \$65 a week. That is what we pay her.

Mr. KENNEDY. Do you guarantee that every one of your girls will make \$70 a week?

Mr. DEMAR. We guarantee every girl if they don't make \$70 a week, she will, we will make up the difference.

Mr. KENNEDY. Do you mean if some of these girls are only making \$25, you would make up the difference?

Mr. DEMAR. She wouldn't come to work at that time.

Mr. KENNEDY. Do you guarantee every girl working for you will get \$70 a week?

Mr. DEMAR. That is right, sir, that she will make up \$70 a week between her pay and her tips, and I trust my girls.

Mr. KENNEDY. You guarantee that? Say she only gets \$35.

Mr. DEMAR. Mr. Kennedy, I don't give them a written contract. I tell her if she doesn't make \$70 a week, I will make up the difference. If she don't make up the difference, doesn't qualify, she quits the job, or we let her go. We send her to the union for a new job.

Mr. KENNEDY. It isn't absolutely guaranteed that she is going to make \$70 a week.

Mr. DEMAR. Well, we guarantee her \$70 a week. If she does not make it, we give her the difference.

Mr. KENNEDY. I thought you said she left then, if she could not make that she would leave.

Mr. DEMAR. Sometimes they leave and sometimes we let them go. It all depends. If she can't make \$70 a week, she is a poor waitress. We would let her go altogether.

The CHAIRMAN. Do you mean one of these girls that are drawing \$3 a day, if she doesn't get enough tips to make up the \$70, you let her go?

Mr. DEMAR. We pay more than \$3 a day. We pay 50 cents an hour. Where did you get the \$3-a-day business?

The CHAIRMAN. Let's say 50 cents an hour.

Mr. DEMAR. That is \$4 a day, not \$3. There is a lot of difference.

The CHAIRMAN. Take your figure. Say \$4 a day and they work 6 days a week. Four time six would be \$24 that they would get in salary.

Mr. DEMAR. That is right.

The CHAIRMAN. If they don't get enough tips to make \$70 a week, then you make up the difference?

Mr. DEMAR. That is right. We put her on a bigger payroll, pay her more money.

The CHAIRMAN. Do you find anything in his records to show that he does that?

Mr. GOTSCH. No, sir. To the contrary, Senator, his partner, George Sherman is the one that gave these figures.

Mr. KENNEDY. This isn't a restaurant where there are extra high tips like some of the people we have had.

Mr. DEMAR. That particular restaurant, them girls——

Mr. KENNEDY. You say you are paying them 50 cents. For a 48-hour week, that gives them \$24 a week. According to a review of the records, some of them you are paying as little as \$3 a day.

Mr. DEMAR. Maybe they work short hours.

Mr. KENNEDY. That is 8 hours a day.

Mr. DEMAR. That Virginia, I know she works short hours.

Mr. KENNEDY. Maybe once again the union should adjust its salary in some of these restaurants, but in many cases we have had, or in a number of cases we have had, this amounts to sweetheart arrangement with the employer.

Even 50 cents an hour or 45 cents an hour does not seem to me to be very high wages in this period of the history of the United States.

The CHAIRMAN. This is one thing that is perfectly clear. The union does not care if they don't get but \$24 a week. It has no interest in them whatsoever.

Mr. DEMAR. That is right, sir.

The CHAIRMAN. It has manifested no interest.

Mr. DEMAR. That is right.

The CHAIRMAN. It has done nothing whatever.

Mr. DEMAR. That is right.

Mr. KENNEDY. What is the total savings?

Mr. GOTSCH. The Broadway store saves \$6,100 per year; the Ashland Avenue store, \$5,500 per year; and the DecMar's Barbeque on Madison Street saves \$15,500 a year.

Mr. KENNEDY. What is the total?

Mr. GOTSCH. \$27,100, approximately.

Mr. KENNEDY. That would be how much more they would have to pay if they paid union scale?

Mr. GOTSCH. On these three restaurants; yes.

Mr. KENNEDY. And the rest of the restaurants don't have unions?

Mr. GOTSCH. There is one other that is union. There are about eight that would be nonunion. There are four union.

The CHAIRMAN. All right. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Arthur Eberhart.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EBERHART. I do.

TESTIMONY OF ARTHUR EBERHART

The CHAIRMAN. State your name, and your place of residence, and your business occupation.

Mr. EBERHART. My name is Arthur Eberhart. I live in Bolton, Ill. My restaurant is Flanders Tea Room at 7501 South Exchange Avenue.

The CHAIRMAN. Do you waive counsel?

Mr. EBERHART. I do.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Eberhart, in 1956 you purchased the Flanders Tea Room?

Mr. EBERHART. That is right.

Mr. KENNEDY. And that is 6909 South Chappel, Chicago?

Mr. EBERHART. Yes. No; that is the address of the previous owner.

Mr. KENNEDY. 7501 South Exchange Avenue?

Mr. EBERHART. That is right.

Mr. KENNEDY. At the time you purchased the restaurant, the previous owner was paying a certain percentage of money, a certain amount of money to the union?

Mr. EBERHART. She was paying for the kitchen help, all the kitchen help, and the waitresses were paying their own union dues direct to the union.

Mr. KENNEDY. Did you continue the arrangement of making these payments to the union?

Mr. EBERHART. I did, for a period of time.

Mr. KENNEDY. How much were you paying?

Mr. EBERHART. Well, I was paying—there were three unions represented in this restaurant; the waitress, the cooks, and the miscellaneous unions. I was paying, I believe, on six people, monthly.

Mr. KENNEDY. Was that to local 593?

Mr. EBERHART. Yes, sir.

Mr. KENNEDY. And the cook's local is 88; is that right?

Mr. EBERHART. That is right.

Mr. KENNEDY. You continued that until January 1957?

Mr. EBERHART. Yes, sir.

Mr. KENNEDY. What was the reason that you were making these payments?

Mr. EBERHART. Well, I inherited that situation.

Mr. KENNEDY. Why did you continue making the payments?

Mr. EBERHART. I was afraid of the union situation. I was afraid I would be put out of business.

Mr. KENNEDY. Were the union officials ever interested in finding out what the wages, hours, or conditions of the employees were?

Mr. EBERHART. No, sir.

Mr. KENNEDY. That is for both local 593 and local 88; is that right?

Mr. EBERHART. That is right.

Mr. KENNEDY. How much money did that involve?

Mr. EBERHART. Not too much. It was \$3.50 a person, and most of the time there were 6 people per month.

Mr. KENNEDY. That is about \$40 every 2 months, is it?

Mr. EBERHART. In that neighborhood; yes, sir.

Mr. KENNEDY. You stopped in January 1957?

Mr. EBERHART. Yes, sir.

Mr. KENNEDY. Could you tell us, briefly, why you stopped?

Mr. EBERHART. Well, I am a country boy. I moved in from Wheaton, Ill. We didn't have that kind of pressure on us. Looking over my bills, I was running a little short of money to pay them, and I decided there was one bill I didn't have to pay any more, so I quit.

Mr. KENNEDY. Did you also have an argument with one of the union officials?

Mr. EBERHART. Yes. One day, unfortunately, I am not sure why it happened, but I have a morning shift, a morning baker, and for some reason or other they didn't show up one morning, and it was me or close up. I was doing the work early, all by myself in the kitchen, and a union official came in and said I would have to join the Cooks Union and the Bakers Union. I refused.

Mr. KENNEDY. What did he say to you? What else did he say to you?

Mr. EBERHART. He said I would have to join both unions.

Mr. KENNEDY. Did he tell you to get out of the kitchen?

Mr. EBERHART. He told me to get out of the white clothes that I was in, that I was cooking with.

Mr. KENNEDY. What language did he use? What did he say to you?

Mr. EBERHART. Well, it wasn't friendly. It was an unfriendly spirit. It was a demand to get out of those clothes or join the union, one of the two.

Mr. KENNEDY. What unions did he want you to join?

Mr. EBERHART. Well, that was the Cooks Union.

Mr. KENNEDY. You were also baking there, too?

Mr. EBERHART. At that time—I like to do the work. I was baking and cooking at the same time.

Mr. KENNEDY. What union did he say you would have to join?

Mr. EBERHART. Well, particularly, his. I don't know what the Bakers Union is; I never even heard of it. I know there is one.

Mr. KENNEDY. Did he suggest that you join just the Cooks, or the Cooks and Bakers?

Mr. EBERHART. He said I would have to join both of them.

Mr. KENNEDY. And this is your own kitchen?

Mr. EBERHART. This is my own kitchen.

Mr. KENNEDY. What did you tell him?

Mr. EBERHART. I told him I would wash windows, scrub floors, I would do anything I wanted to in my own restaurant, and for him to get out. Then he backed up; I got scared.

Mr. KENNEDY. How did you get scared?

Mr. EBERHART. Well, I was afraid of union difficulties. I was buying this restaurant. It had to remain open. I took the man—it was before 11 o'clock. I took him down in the basement and showed him a record of my receipts and told him I couldn't go on with that circumstance and decided that I wasn't going to join the union under any conditions.

Mr. KENNEDY. Then you really didn't back out?

Mr. EBERHART. Well, I tried to be friendly about it, and it didn't go over too well.

Mr. KENNEDY. What happened, finally? You told him to get out of the restaurant, finally?

(At this point, Senator Kennedy entered the hearing room.)

Mr. EBERHART. Well, it was a little more than that. He threatened me with pickets. He said one of the previous owners—he had had to pull a strike on them. He had had the pickets out there all lined up, and the man was bullheaded. It wouldn't have been necessary if he had gone along with the union. Then that the same thing would happen to me. I stated that I wasn't under any conditions, going to join the union, and told him to go ahead and get his pickets, that I would do some business then. That would give me good, free advertising that I wasn't getting at the time. He said he wasn't going to do it that way. I said if he broke my windows I would break his. I also said if he hurt my family or myself I would hurt him.

Mr. KENNEDY. What happened after that?

Mr. EBERHART. Well, he left.

Mr. KENNEDY. Then what happened?

Mr. EBERHART. Well, I got nervous, as I am now, and, from trying to play safe, watching my car going home, trying to enter my home, I had a heart attack.

Mr. KENNEDY. What sort of safeguard did you take?

Mr. EBERHART. Well, there isn't any safeguard you can take in this situation. There is nobody you can go to, right up to this particular room here, all the way along the line. You are on your own. That is what we need to stop.

Mr. KENNEDY. What sort of things would you do in order to try to protect yourself?

Mr. EBERHART. Well, make it legitimate. For one, I would make the unions responsible. I would make them responsible, the same as a corporation is, to report their income and where it goes and who it goes to. A corporation has to do it; why shouldn't the union have to do it? I could not see any reason to pay out to them, so I just quit. They have not bothered me, but I am plenty scared, and I am scared right now.

Mr. KENNEDY. What sort of safeguard were you taking for your own life after you had this fight?

Mr. EBERHART. Well, there is no place that you can go at any time for labor trouble. You have no friends. You are entirely on your own. And, as being on your own, you have to use whatever defensive methods you have got, and mine was a shotgun.

Mr. KENNEDY. Were you careful where you drove?

Mr. EBERHART. Yes, sir. I drove around the block several times before I started out away from my restaurant; I looked my car over

to see that it was all right. At no time did they molest me. But I was afraid that they would.

Mr. KENNEDY. Why were you so afraid that they would?

Mr. EBERHART. Well, it is the type of people you are dealing with. You don't know what they are apt to do.

Mr. KENNEDY. Did you know at any time that any restaurants or restaurant owners had been bothered in the past?

Mr. EBERHART. No, but your imagination plays against you, and you get scared. I was the first one to buck them, I think, and I think there might be some more, but at least I bucked them.

Mr. KENNEDY. Had you heard in the past that they had caused difficulty and trouble for anybody?

Mr. EBERHART. Only gossip and hearsay. I don't know of an actual case where a union man has hurt anybody. But I still was scared.

I will say that to the best of my knowledge they did not bother me, except to try to get me to go back in from time to time, which I refused.

Mr. KENNEDY. You never paid any money after that?

Mr. EBERHART. I refused to pay 1 cent more. They asked me for money for their convention down in Miami this year, and I laughed at them.

The CHAIRMAN. Is there anything further?

Senator CHURCH. I would just like to say, Mr. Eberhart, that possibly if many of these other restaurant owners who have come here and testified before the committee, and have admitted very candidly that they were paying for protection to an outfit that operated under the label of a union, but in fact was no union, perhaps this racket would not have spread so far in Chicago, and I want to say that personally I admire you for taking the stand that you did and refusing to pay tribute to this particular local in order to continue to do business.

Had more of the restaurant owners assumed the same attitude, it would have been very hard for this racket to have spread so far. I want to commend you for it.

Mr. EBERHART. Thank you.

The CHAIRMAN. Have you any questions, Senator Kennedy?

Senator KENNEDY. No questions, Mr. Chairman.

The CHAIRMAN. Well, thank you.

Senator KENNEDY. What are the wage rates paid in your restaurant as compared to the union rate?

Mr. EBERHART. Let me say this, Good restaurant management in a diner-type restaurant calls for approximately 25 percent of the receipts to be wages. In my restaurant, the wages compared to the sales are 37 percent of the receipts and they have never been below 32 percent even in our best months. They have been that way for over 12 years of being in business.

Senator KENNEDY. That is all.

Mr. KENNEDY. We have the figures. Again, you can make any explanation.

Mr. GOTSCH. The annual savings by Mr. Eberhart in his restaurant are \$9,800 per year. He has a total of 18 employees. Six are union and 12 are nonunion. They are all paid below union scale.

Mr. KENNEDY. I might say as far as Mr. Eberhart is concerned and the type of restaurant he runs, it might very well be that the tips are higher there and their income is supplemented, and also Mr. Eber-

hart has been very cooperative in the course of the investigation. But he might want to make a statement about the wage scale.

Mr. EBERHART. I would like to ask one statement of the man, and that is if you tell my bank I am \$9,000 ahead, I haven't got it.

The CHAIRMAN. The Chair wishes to commend you for your courage.

Mr. EBERHART. Thank you, sir.

The CHAIRMAN. We need more people like you in this country. This is not any one man's battle. You say when you get in trouble with them or get this pressure on you, it seems like maybe you don't have a friend anywhere to stand by you. But we can only combat this organized crime and these rackets by the decent citizenship of this country standing together and refusing to submit to their extortionist demands.

You will remain under subpoena, a continuing subpoena, subject to being recalled any time the committee may desire to hear further testimony from you. You will acknowledge that recognizance?

Mr. EBERHART. I do, but can I go home? My restaurant needs me.

The CHAIRMAN. Yes, you can go home. But we may need your testimony further. In the second place, I want to do it and serve notice that if you receive any threats or any effort is made to harm you or interfere with your peaceful pursuits in any way, I want you to report it to this committee. I shall regard, and I think the committee will approve this position unanimously, any attempt to threaten, to intimidate, harass you in any way because of your testimony here, or to prevent you from giving further testimony, in my judgment, would be contempt of the United States Senate and I would ask this committee to deal with it and the Senate to deal with it accordingly.

Mr. EBERHART. Thank you.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Richard Jansen.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JANSEN. I do.

The CHAIRMAN. State your name, your residence, and your business or occupation.

TESTIMONY OF RICHARD JANSEN

Mr. JANSEN. Richard Jansen, 2516 Lincoln Avenue, Evanston, Ill. I manage the Ivanhoe Restaurant, 3000 North Clark Street, Chicago, Ill.

The CHAIRMAN. Do you waive counsel?

Mr. JANSEN. I do.

Mr. KENNEDY. How long have you been with the Ivanhoe Restaurant?

Mr. JANSEN. Since January 1946.

Mr. KENNEDY. You went as manager of the restaurant shortly after you got out of service?

Mr. JANSEN. I didn't serve as manager at that time. I spent quite a lot learning about the different parts of the operation.

Mr. KENNEDY. Well, it was a short time after you got out of the service?

Mr. JANSEN. Yes, sir.

Mr. KENNEDY. And you learned, I understand, in the early 1950's, that a certain amount of money was being paid by the restaurant to the union?

Mr. JANSEN. To the best of my recollection, yes, about 1950.

Mr. KENNEDY. Do you know what the reason was for that money being paid?

Mr. JANSEN. I was not present at the time the arrangements were made concerning that amount of money, but I believe the information which you want is in an affidavit which is signed by my father.

The CHAIRMAN. Your father is Harold L. Jansen?

Mr. JANSEN. That is correct.

The CHAIRMAN. The affidavit to which the witness referred will be placed in the record at this point.

(The document is as follows:)

I, Harold Jansen, of 653 Wellington Avenue, Chicago, Ill., make the following statement to James P. Kelly who has identified himself to me as a representative of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. I am aware that this statement may be used by the committee as it see fit and no force or duress has been used to compel me to give it. I have received no promise of immunity from anyone for giving this statement:

For the past 35 years I have been associated with the Ivanhoe Restaurant located now at 3000 North Clark Street, Chicago, Ill. At the present time I am a partner in the restaurant.

Sometime in the 1940's, I do not recall the year, two business agents from the miscellaneous local of the restaurant union came into the Ivanhoe and asked to speak to me and to my brother Ralph who was a partner at the time.

They told us that we would have to put 10 employees in the miscellaneous category into the union. They did not talk to the employees to my knowledge. We agreed to comply. When we spoke to the miscellaneous employees they told us that they did not want to join the union. We told them we would pay the dues because we were afraid the employees would quit if they were forced to join the union. To the best of my recollection we also paid the initiation fees for 10 men.

The union business agents did not threaten us at this time but my brother and I realized that there might be trouble if we did not go along. I recall the union agents giving us application cards which we gave to the employees to sign. For many years the union collected dues on the original 10 men although some of them had left our employ.

In 1944, or thereabouts, a business representative of the checkroom attendants union came in and told us that we would have to put two employees in their union. I told the two girls in the checkroom they would have to join the union and they said they would quit first, which they did. When I promised them I would pay their union dues they agreed to return.

In 1958 this union merged with the miscellaneous local and we paid dues on a total of 17 employees, 15 miscellaneous employees and the 2 checkroom attendants.

The only actual threats we received from the union was in 1952 when, on the eve of Mother's Day, approximately five union officials came into the restaurant with a copy of a union contract which we were in the process of negotiating and told us, "We will give you 5 minutes to sign this or we will pull out all of your employees on strike."

Because of the economic duress prior to a holiday when we had reservations booked for Mother's Day, my brother Ralph signed the contract. The crafts represented were the bartenders, cooks, and waiters. I do not recall whether the miscellaneous category was represented at that time.

To the best of my recollection the union dues were always paid by check. I have never given any money either by cash or check to any union official. The Ivanhoe Restaurant pays the dues to the miscellaneous local by check. The receipts for the dues on the miscellaneous employees are kept in the office here at the restaurant.

To the best of my knowledge and recollection all the foregoing statements are true.

HAROLD L. JANSEN.

Witness:

Sworn to before me this 5th day of July 1958.

[SEAL]

ASTRED HOCH.

My commission expires June 1961.

Mr. KENNEDY. Mr. Jansen, you are paying union scale at your restaurant?

Mr. JANSEN. Yes, we are.

Mr. KENNEDY. Mr. Chairman, we made an analysis of the records of Mr. Jansen's restaurant and have found that all of his employees are being paid union scale or above. In many cases they are being paid above.

I expect it is a competitive advantage for some of your competitors, for those of your competitors who are not paying union scale, is it not?

Mr. JANSEN. Yes, it would certainly seem so.

Mr. KENNEDY. You are also an employer trustee of the health and welfare trust fund?

Mr. JANSEN. That is right, Mr. Kennedy.

Mr. KENNEDY. Why did you take that position?

Mr. JANSEN. Because I believe that the benefits of a health and welfare program are the type of thing the restaurant industry should want in its contracts.

Mr. KENNEDY. Had you felt that there wasn't enough interest in the part of some of the employers?

Mr. JANSEN. Well, I feel it was a very new step for our industry. We had just signed a very costly contract in 1955, and the health and welfare being a part of it was only part of the total cost of the contract. I think the industry was very definitely disappointed with the cost of the contract which amounted to something like an 18 per cent increase in wage rates.

It was understandable. It isn't that they did want to pay into it, but they didn't want to cooperate particularly in organizing the trust itself. I think there was the feeling that it would take a lot of time, and so forth, and there weren't too many who were interested.

Mr. KENNEDY. So you decided to volunteer and go into it?

Mr. JANSEN. Yes. I am not taking any personal credit for it. I was not the only one; Mr. Louis Berkhoff, a Chicago restaurant operator, and Mr. Hal Benn were all approved by a group of union restaurant operators who met and voted on forming the management trustees.

Mr. KENNEDY. How many employees are covered by it?

Mr. JANSEN. Approximately 3,200 at this time.

Mr. KENNEDY. And that is about 220 restaurants that participate?

Mr. JANSEN. Yes, that is right, Mr. Kennedy.

Mr. KENNEDY. It is a great advantage, a distinct advantage for the employees, that arrangement?

Mr. JANSEN. I should say so.

Mr. KENNEDY. What is your feeling toward these union contracts, or supposed union contracts, where there are some of the employees that are members of the union, and the contract is not enforced?

Mr. JANSEN. I am only familiar with the arrangements you speak of from the hearings here in this committee room. I haven't, let's say, been in knowledge of them long enough to have an opinion.

Mr. KENNEDY. Would you have any statement about it whatsoever?

Mr. JANSEN. Would you state the question again?

Mr. KENNEDY. About the fact that some of your competitors and other people who run restaurants in Chicago are permitted by the union to pay far less than union scale for their employees?

Mr. JANSEN. I think that is a coincidental arrangement. I certainly could place no blame on another restaurant operator for, let's say, enjoying a lower wage rate than we are paying. I think it is one of the unfortunate consequences of putting too much power in the hands of people who are not capable of assuming that power.

I think there is no question but what the issue here, as I understand it, and the suggestion, if I might be permitted to make one, is that the trouble is not with giving authority, privileges, to labor people, but rather that the Government be sure that it doesn't give this sort of power to the wrong people. I think there is no question but what if this authority that unions have to put picket lines on places were handled judiciously, there would be no hearing here today. That is my opinion.

Mr. KENNEDY. It is a great advantage, is it not, for some of these restaurants?

Mr. JANSEN. It certainly is an economic advantage as it has been described here.

Mr. KENNEDY. It is not just something that accrues to the benefit of a few union officials, but it is something that accrues to the benefit, in many cases, of management?

Mr. JANSEN. Yes, it does. I have been aware of this to some extent over the years. I hadn't any idea of the extent of it as it has been reported here, until this week in Washington.

Mr. KENNEDY. And the three groups that suffer are people such as yourself who pay union scales, the employees who are paid less than they ought to be paid, and the consumers?

Mr. JANSEN. I would say, of course, that I think that question has in its background the inference that there might be a responsibility for some blame, perhaps, to be attached to restaurant operators who don't pay these scales. I would say that a restaurant operator—I don't know what wage scales we would pay. I would like to think they would be exactly the same. But I don't know what they would be if we didn't have a union contract.

I don't think most business people in any industry want to knowingly stand for less than a living wage for their employees.

Mr. KENNEDY. Are you still paying now this sum of money?

Mr. JANSEN. We aren't as of about 10 days ago.

Mr. KENNEDY. Why did you stop?

Mr. JANSEN. We stopped because we felt that as a consequence of this investigation we would perhaps not be criticized too strongly by the union for what we had been told was now very definitely an improper practice.

Mr. KENNEDY. Had you known it was improper prior to this time?

Mr. JANSEN. I would have assumed it to be, certainly.

Mr. KENNEDY. Why did you continue to pay even if it was improper?

Mr. JANSEN. I think we preferred not to explore the consequences. (At this point, Senator Kennedy left the hearing room.)

Mr. JANSEN. I think the economic consequences of falling out of grace, let's say, with the union is something that most business people are extremely sensitive about.

Mr. KENNEDY. So you were really over a barrel and had to pay the money because of that?

Mr. JANSEN. In so many words, yes.

Mr. KENNEDY. Once again, Mr. Chairman, this restaurant and the owners of this restaurant, have been very cooperative.

Mr. JANSEN. I would like to make one more statement, if I may be given permission at this time, Mr. Chairman.

The CHAIRMAN. Proceed.

Mr. JANSEN. I think there is no question but what the integrity of the restaurant people of Chicago has been very much put on trial at these hearings, certainly not through the conscious fault of the committee but certainly through the happenstance of the conduct of the hearings. I think that the question that has come to my mind, and I am somewhat puzzled—if I may interpret properly the Chair's attitude I think there seems to be a dissatisfaction with the cooperation restaurant people have given this committee.

If I could come away from this witness' chair having thrown a little more light on that situation, I would feel a great deal relieved. I cannot believe—I know these restaurant people in Chicago—I know of nothing which they should jointly or collectively be ashamed of. I personally am not ashamed of being a restaurant operator in Chicago.

I think like many businesses or any business there are parts of it which certainly offer plenty of room for improvement. But I think the situation here is one where if you are serving perhaps the reason that restaurant operators are less than cooperative because they are in fear of their body, of harm, then I would say I think that is erroneous. I would like to say that I think the power of a strike has certainly been the adequate means that the union has had at its disposal to bring any restaurant to its knees.

It is one of the powers when I speak and say that it certainly must be put in judicious hands.

(At this point, Senator Goldwater entered the hearing room.)

Mr. JANSEN. I think given the power to take the staff out of an industry, and in our industry we are dealing with very perishable items, our inventory includes hundreds of items we have to have delivered to us in numerous deliveries daily, and without deliveries being able to cross the picket line, this stops our business completely. Holding a gun to our ribs and demanding our money wouldn't impress us half so much as a picket line.

I say there is nothing wrong with a picket line, there is nothing wrong with this power, provided it is in the hands of responsible people.

The CHAIRMAN. How would you suggest we get it in the hands of responsible people?

Mr. JANSEN. I think you have done a great deal to do that already, Mr. Chairman.

The CHAIRMAN. We can agree with you, readily agree with you. I think the power to strike, the right to strike, is something we don't

want to take away from the worker. But how to keep it, that authority and that power, in the hands of people who are honest and who will use it for proper purposes, I don't know, because you can't legislate that sort of integrity in every man who might become the head of a union.

Mr. JANSEN. I don't suggest that Government subcommittees investigating these things are an instrument to be used to bring these things about, but certainly they do become that. I think the investigation by Senator Kefauver in the committee previously investigating as they did several years ago, brought with it a great deal in its wake.

I think that the opportunity to bring a great deal of light into corners where it seldom gets put a feeling of responsibility on a lot of people who haven't, perhaps, been made to feel it. I think a lot of people feel it is corny to be honest, it is corny to have ideas. I think it has been proven that the Government of the United States can be interested in almost any corner of the United States, and that there isn't anybody who is so far high or low that he can't stop and think that he might some day be called to answer for what he does.

The CHAIRMAN. Do you think hearings such as this accomplish some good?

Mr. JANSEN. There is no question of it.

The CHAIRMAN. We are glad to know that you approve. I say to you again that it is not our purpose to reflect upon the restaurant industry and the people who operate restaurants. That isn't the problem.

As we pointed out here over and over—and neither are we opposing unionism—as you refer to it, misplaced power, or power placed in the hands of people who lack integrity to use its judiciously, or the will to do so, does do and can cause a great deal of harm.

Mr. JANSEN. I would like to make one specific suggestion, Senator McClellan, if I may.

I think the right to strike is a privilege, and I think that the authority to call a strike is such a terrific responsibility because of what it can bring if it is not handled properly. I think a strike should have some certification, or at least this is the experience of such things as we have had in Chicago, if such a thing is within the realm of a possibility. The picket line to the public's eye has the public endorsement with it.

I don't think it should have that endorsement if it isn't a legitimate picket line.

The CHAIRMAN. What do you mean by that?

Mr. JANSEN. One that is the outgrowth of the complaints of the bone fide employees of that establishment.

The CHAIRMAN. In other words, you are opposed to coercive picketing of a union, to compel management to sign up or to sign up the employees into that union?

Mr. JANSEN. I certainly am.

The CHAIRMAN. You speak of a strike. You would like to know, as I interpret your remarks, or you would like to feel that a strike, when called, was actually carrying out the will, and it is being done with the approval of those employees who are affected by it.

Mr. JANSEN. Exactly.

The CHAIRMAN. Well, I agree with you in principle 100 percent. Thank you very much.

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Mr. Jansen, would you feel that the Congress should provide some legislation to control organizational picketing?

Mr. JANSEN. Well, other than the suggestion, Senator Goldwater, that I just made I haven't, frankly, been able to give it that much thought and consideration. I do feel, though, that the picket line certainly is endorsed and accepted by most every American. I think it carries with it a connotation, and I think to all the world when you see one you might be inclined to think that certainly here is a place where a man pays less than he should or he is unfair to his employees. I think unfortunately in many, many cases this is certainly far from the truth. I think if a law could be devised that would carry with it the endorsement of the employees in that establishment, I think it would then have a connotation, certainly, of being a bona fide picket line, representing those employees.

Senator GOLDWATER. You, in effect, are suggesting what has been suggested several times here. I believe you are suggesting that we provide for a strike vote before a strike can occur, and the subsequent picket line.

Mr. JANSEN. Yes, but I would even go further. After all, there are so many things surrounding a vote. I think both unions and management might, in many cases, question the propriety or the integrity of a vote, because of the means available to vote may be coercive.

I think, rather, the vote should be conducted by a third party. I think there should be great lengths gone to to establish this. It might seem absurd in some small establishments, but a man who has worked years to build a business, and certainly the employees being properly represented, are entitled to no less.

Senator GOLDWATER. The Congress has considered several times during the last 6 years the advisability of providing for a strike vote along the lines that you have suggested, but so far we have not been able to accomplish anything in that direction.

Now I have just one more question, because I think you have given us more than just passing thoughts. I did not want to pass up the opportunity to get your thinking on this.

We have attempted to legislate in this field. There are varying opinions as to the effectiveness of what we have done. As these hearings go on day after day after day and we find the way that these unions in Chicago—and I suspect elsewhere—have been infiltrated by members of the underworld, gangsters, hoodlums, and so forth, it becomes more and more obvious to me that it is pretty nearly impossible to legislate in a way that will allow unions to cleanse themselves of these people.

For instance, the current legislation that is now in the House would not, in my opinion, offer an easy or even a workable way for the unions in Chicago to rid themselves of some of these people who have no jail or prison terms, who have never been even arrested for some of the things that they do.

I was wondering if you might not agree that if we made of the union movement in America as it is in every other country in the world, with the exception of three others, and there only by lack of law, if we would make of it a free movement, where if a man didn't like what was going on in his union he could quit that union without losing his job and remove compulsion, put them on the same basis as all other organizations, such as organizations that you belong to. What do you think of a suggestion like that?

Mr. JANSEN. I think it is a splendid suggestion as I understand it. I had not heard of it prior, so I am not too familiar with all of the ramifications. But I would say this: It occurs to me, and has many times, that labor unions are much like business in the sense that they have something to offer or should have something to legitimately offer a worker. I think the success of a union should depend upon their being able to legitimately demonstrate their ability to offer something for the wage earner.

I think there is no question but that the means of accomplishing that in the law you mention certainly seems to be adequate.

Senator GOLDWATER. Somebody once said that they could vote by foot or vote by their feet, and they meant that they could walk out if they didn't like the way the organization was being run. I think we are having demonstrated to us daily the futility of trying to write legislation that would be as effective as making of the union movement a free movement so that a man could join or not join and not have that affect his job.

Mr. JANSEN. I think that would bring a great deal of responsibility to the union. There is no question, Senator Goldwater.

Senator GOLDWATER. Thank you.

Senator CHURCH. I would like to say, Mr. Jansen, in behalf of the committee, that we appreciate your testimony. It has been very helpful. I think it would be useless to debate the pros and cons of the question of voluntary unionism.

I would only observe here that the racket that we have been investigating would be little affected by the question of voluntary unionism, because in essence this has been a racket perpetrated by a handful of men in a handful of locals, who largely have dealt with management and have come to terms with management, whereby management agrees to impose membership in these particular locals upon the employees, and in many cases, if not in most, this is done against the will of the employees.

It is quite outside the framework of any law at all. It is an arrangement that management enters into. In the course of these hearings, we have had three different kinds of representatives of management here. We have had restaurant owners like yourself who are operating legitimate union shops, where the unions undertake to take an interest in the employees, and where the union scale is being paid, and the whole operation is being conducted in a generally legitimate way.

Then we have had witnesses like Mr. Eberhart, who preceded you to the witness stand.

Mr. Eberhart refused to pay tribute for the privilege of doing business. He had the gumption to say "No," and he has managed to get away with it. That is to his great credit. Were there more like

him, I am sure the racket we have been investigating would not have spread so far in Chicago.

Finally, there has been the third category of owners. These owners have paid this tribute to these particular locals, and all of them could testify that the locals couldn't care less about the employees. All of them have testified, in effect, that they paid the tribute in order not to be bothered by pickets or coercion or other intimidations, because they were afraid that if they did not make this payment, they could not do business peacefully. Some of them would have made these payments, may pay bonuses and may give other fringe benefits to their employees so that they are dealing fairly with those employees even though they are not paying the union scale.

But I must say in order to keep this thing in perspective, that there are others who have been here, who clearly are benefiting by this arrangement, who, by virtue of the fact that they do not have to deal with a legitimate union, they do not have to pay the kind of wages that you are paying in your restaurant, again a definite competitive advantage, and they may well consider it cheap enough to deal with these racketeers to protect their businesses from legitimate unions, because these particular locals are freezing out unions that might undertake, in a bonafide way, to represent the waiters and the chefs.

I think we must balance the picture out and keep it in perspective. I feel that evidence has been presented here that would indicate that some restaurant owners are obtaining a benefit to their own operation by paying out an agreed amount for protection, not only against picketing and troubles, but also for an arrangement whereby they don't have to pay union scale and thus have a competitive advantage that might not otherwise obtain.

Mr. JANSEN. Senator Church, I think at this distance it might well be so interpreted. However—and I beg the Chair's indulgence for the length of time I have taken already, but I must say it—I think there is a great importance on the spirit in which these agreements were entered into.

Frankly, I cannot believe that management would have preferred it that way. I still think they would rather operate cleanly, non-union or union, but to have had the legitimate arrangement in either case.

I think, frankly, they don't like to have somebody come in and say "For a cheap price, you can get back this way."

I do not believe the whole industry of people could feel so.

Senator CHURCH. I would not want to make that charge, and I do not.

I would merely say that we have various kinds of operators who have been variously motivated. Although I am sure the great majority of restaurant owners dislike the circumstance they find themselves in, and many have been coerced into doing this, that nonetheless there are going to be some who will benefit by it.

Mr. JANSEN. There is no question.

The CHAIRMAN. Are there any further questions?

Mr. DUFFY. I have one last question before we close with this witness.

What was the date of the last payment you made to the union before you stopped?

Mr. JANSEN. It has been about 2 months ago.

Mr. DUFFY. Do you know how much you paid to the union at that time?

Mr. JANSEN. I imagine it would have been around \$120.

Mr. DUFFY. I think the record shows it was \$126, and it was on May 13, 1958.

Mr. JANSEN. I stand corrected.

Mr. KENNEDY. You were making those payments every 2 months, were you?

Mr. JANSEN. That is correct.

Mr. KENNEDY. That is, up until you stopped a short time ago.

Mr. JANSEN. That is correct.

The CHAIRMAN. You say you have stopped making these payments. Do you expect the employees to make their own payments?

Mr. JANSEN. Yes, I do. We raised the salary of 17 employees by an amount equal to the dues and informed them of our action and the fact that they had, of course, had their dues paid by the restaurant over these years, but that that arrangement was no longer possible, and they in the future, as we advised the union, will have to make their arrangements on the proper basis?

The CHAIRMAN. Do you have a withholding basis?

Mr. JANSEN. Yes, absolutely.

The CHAIRMAN. So you will hereafter withhold their dues?

Mr. JANSEN. Withhold? No, we don't intend to withhold their wages. They will actually pay their wages to the business agent of the union, as every other employee does.

The CHAIRMAN. In some places, you know, the management checks off, I believe they call it, the dues, withholds it out of their wages.

Mr. JANSEN. We will not do that. We never have done it.

The CHAIRMAN. In other words, they will have to pay their dues on their own?

Mr. JANSEN. Yes, sir.

The CHAIRMAN. But they will be expected, of course, to belong to the union.

Mr. JANSEN. That is correct. However, we are raising their wages by that amount.

The CHAIRMAN. Do you have a union contract clause in your contract?

Mr. JANSEN. We do have.

The CHAIRMAN. In other words, you have to operate a union shop?

Mr. JANSEN. We can hire a nonunion employee provided he joins the union within a certain length of time; yes.

The CHAIRMAN. That is what we term the union shop.

Mr. JANSEN. Right, correct.

The CHAIRMAN. Are there any further questions?

If not, thank you. Call the next witness.

Mr. KENNEDY. Now I would like to call the union official who is in charge of 593, the biggest local of this kind in Chicago. He is administrative director for local 593 and a man of considerable interest to us. That is Mr. John Lardino.

The CHAIRMAN. Come forward, Mr. Lardino.

Mr. KENNEDY. We had testimony about Mr. Lardino on the first day of the hearing, and also today, and some last week.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JOHN LARDINO. I do.

**TESTIMONY OF JOHN LARDINO, ACCOMPANIED BY
COUNSEL, MYRON EHRLICH**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. JOHN LARDINO. My name is John Lardino. I live at 1201 Belleporte, Oak Park, Ill.

The CHAIRMAN. What is your business, please, sir, or your occupation?

Mr. JOHN LARDINO. I decline to answer on the grounds that the question may tend to incriminate me.

The CHAIRMAN. You have counsel present, do you? That would not incriminate you to state that, would it?

Mr. JOHN LARDINO. I decline to answer on the ground that the question may tend to—the answer may tend to incriminate me.

The CHAIRMAN. All right, Mr. Counsel, you may stand aside. If the witness will not acknowledge you as his counsel, you may stand aside.

Mr. EHRLICH. I don't think he failed to acknowledge me as his counsel.

The CHAIRMAN. I asked him if he had counsel present, and he refused to answer on the ground it might tend to incriminate him. So you may stand aside, unless he can acknowledge he has counsel present.

(The witness conferred with his counsel.)

Mr. JOHN LARDINO. I acknowledge that. I misunderstood you.

The CHAIRMAN. It does not incriminate you, does it?

Mr. JOHN LARDINO. I am sorry. I misunderstood you.

The CHAIRMAN. Identify yourself for the record, Mr. Counsel.

Mr. EHRLICH. My name is Myron Ehrlich. I practice law in the District of Columbia, and I have done so for 33 years.

The CHAIRMAN. Thank you. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Lardino, you have been supervisor of local 593?

Mr. JOHN LARDINO. I decline to answer on the grounds that the question may tend to incriminate me.

Mr. KENNEDY. When did you come into 593? Just tell us the date that you came with 593, Mr. Lardino.

Mr. JOHN LARDINO. I decline to answer on the grounds that the question may tend to incriminate me.

(The witness conferred with his counsel.)

Mr. JOHN LARDINO. The answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question of when did you come into local 593, that a truthful answer thereto might tend to incriminate you?

(At this point, Senator Kennedy entered the hearing room.)

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question of whether or not you honestly believe that if you gave a truthful answer to the question when did you come into local 593, that a truthful answer might tend to incriminate you.

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will stand and continue throughout your examination and while you remain on the witness stand.

Senator KENNEDY. Mr. Lardino, you are the administrative director of local 593 with jurisdiction over the business agents for that local; is that correct?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Senator KENNEDY. Mr. Lardino, we have heard testimony that the union collected from the employer union dues which the employers charged off as business expenses; that there was no interest shown by the union in regard to the working conditions and how much the employers were paying, whether they were paying the union wage, and that, therefore, this was a form of extortion which the workers were being forced to contribute to.

The responsibility of the union in this case is quite clear, and you were the administrative director of local 593, with jurisdiction over the business agents. Could you tell me whether you took any action while you were associated in this effort, and while you were tied up with people like Tony Accardo, Jack Cerone, Paul "The Waiter" Ricca, and others?

Mr. JOHN LARDINO. I decline to answer on the ground that my answer may tend to incriminate me.

(At this point, Senator Church withdrew from the hearing room.)

Senator KENNEDY. Could you tell me whether you conceive it as your responsibility as administrative officer of this union to check and find out what services the people who were paying their union dues were getting?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Senator KENNEDY. Could you tell me whether as of today you hold a position of responsibility in the local?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you answered that question, whether you now hold a responsible position in the local, that a truthful answer thereto might tend to incriminate you?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question whether you honestly believe that a truthful answer to the question whether you now hold a responsible position in the local, would tend to incriminate you.

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will continue throughout your examination.

Senator KENNEDY. Isn't it correct, Mr. Lardino, that you resigned at noon today from your position?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Senator KENNEDY. Are you planning to give us any information about your activities as a responsible or irresponsible union official?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Were you born in this country?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question, "Were you born in this country?" that a truthful answer might tend to incriminate you?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs the witness to answer the question, Do you honestly believe that if you gave a truthful answer to the question, "Were you born in this country?" that a truthful answer might tend to incriminate you?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will continue throughout your examination? May I ask you another question? Are you an American citizen?

Mr. JOHN LARDINO. I decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you truthfully answered the question, "Are you an American citizen?" that a truthful answer thereto might tend to incriminate you?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question, Do you honestly believe that if you gave a truthful answer to the question, "Are you an American citizen?" that a truthful answer thereto might tend to incriminate you.

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Senator KENNEDY. Mr. Chairman, I hope the committee will have an opportunity of acting on this question of whether the witness is permitted to refuse to answer a question such as, "Is he an American citizen?" so that we can get more precise instructions from the court as to what the rights of the witness are and what the rights of the committee of the Congress are in attempting to obtain information.

The CHAIRMAN. The Chair will, as he has already announced with respect to some other testimony which I regard as flagrant contempt of this committee, or the lack of testimony, rather, which was refused, and I will regard it as flagrant contempt of this committee—the Chair, as soon as the staff can prepare the proper and necessary papers for the committee to act, will call the committee into executive session, having in mind that it should act to cite for contempt, or ask the Sen-

ate, rather, to cite for contempt, those who have shown such flagrant contempt for the committee.

I cannot conceive that the highest court in this land would ever condone, give its judicial sanction, to the right of one to refuse to state under oath that he is a citizen of this country, or refuse to answer the question that he honestly believes that if he gave a truthful answer to the question "Are you a citizen of this country?" that a truthful answer could possibly tend to incriminate him.

I think one who takes that position shows the utmost and lowest contempt and disrespect for the flag that is a symbol of the liberty and freedom that he enjoys as an American citizen. I sincerely trust that we will be able to process these cases to that tribunal that will have the final judgment, and that we will clarify this jungle that has developed here in the use of the fifth amendment, where it has been perverted into an instrumentality to serve and protect the lowest kind of criminals that the human mind can imagine.

All right. Are there any other questions?

MR. KENNEDY. Mr. Lardino, when the staff first interviewed you, you admitted that you had come into the union in May of 1939, and that you had come in on the recommendation of Louis Romano. Is that correct?

MR. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. Have you gone under the names of Edward Nardi and John Alcott, at various times?

MR. JOHN LARDINO. I decline to answer on the grounds that the answer may tend to incriminate me.

MR. KENNEDY. Aren't those some aliases you have used, Mr. Lardino?

MR. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. Mr. Chairman, what we are going into is the matter of the nonenforcement of the union regulations that was discussed earlier, and the fact that the union employees, or the employees of the various shops, are getting no benefit from the union.

The other matter, which is of extreme importance, and which we must keep our minds on, is what we developed at the beginning of this hearing, that many of these individuals came in under gangster sponsorship, and that these organizations and unions were operated and set up by the underworld in Chicago.

We had the testimony that this was so, and then we have seen developed here the fact that the employees in the various restaurants get no benefit whatsoever, and that this amounted to really a shakedown or mass extortion.

I would like to ask Mr. Lardino if he knows some of these individuals with whom he has been linked in earlier testimony. That includes some of the highest of the underworld in Chicago, including Paul "The Waiter" Ricca.

Do you know Paul "The Waiter" Ricca?

MR. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

MR. KENNEDY. We had testimony that you were at the wake of Louie "Little New York" Campagna, at Reggo's Funeral Home in Chicago of June 1955. How did you happen to go to his wake?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. What was there about him? Was he a great friend of yours, Mr. Lardino?

Mr. JOHN LARDINO. I refuse to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. At the wake, in addition to "Little New York" Campagna, was Joey Aiuppa. Was he a friend of yours?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Sam "Mooney" Giancana?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Tony Accardo?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Claude Maddox?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Let the record further show here, with emphasis, that the witness is emphasizing his contempt for the committee by using the word "refuse" instead of "decline."

Proceed.

Mr. KENNEDY. Jack Cerone?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. These are all close friends of yours, Mr. Lardino?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. In addition to Mr. Campagna's wake, we understand that you also attended Tony Accardo's parties. Is that right, Mr. Lardino?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer might tend to incriminate me.

Mr. KENNEDY. Your car was seen at the Fourth of July party of Tony Accardo in 1954. You were present at that party, were you, Mr. Lardino?

Mr. JOHN LARDINO. I refuse to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And we also had information that Paul "The Waiter" Ricca was there.

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And Jack "Skippy" Cerone?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. These people are all friends of yours, are they, Mr. Lardino?

Mr. JOHN LARDINO. I refuse to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. We had some testimony regarding a Mr. Labriola and Mr. Weinberg, who were trying to set up some trade association in 1953-54. According to the information we had, they were in touch

with somebody they identified as you, on the telephone. Could you tell us if you talked with them about setting up these trade associations?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Did you ever have any conversations with Robert Greenfield—

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Wait until I finish the question. Who is working now with Allen Dorfman, and who was associated with that group?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Where did you get your present home from, Mr. Lardino?

Mr. JOHN LARDINO. Pardon me; I didn't hear you.

Mr. KENNEDY. Where did you buy your present home?

Mr. JOHN LARDINO. I decline to answer on the grounds my answers may tend to incriminate me.

Mr. KENNEDY. Can you tell us from whom you purchased it?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Did you purchase it from Johnny Bananas, in Chicago?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. According to the information we have, you purchased your home from Johnny Bananas, who is a syndicate hoodlum in Chicago, in 1948. Is that correct?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us how you happened to buy your home from him?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And you paid \$40,000 for that, is that right, in 1948?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us where you got that money?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us what your relationship has been with Anthony Champagne, who was a labor counsel for the Chicago Restaurant Association?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And Abraham Teitelbaum; can you tell us about that?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And could you tell us how it was that the Marquis strike was settled?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us about bringing your brother, Danny Lardino—do you know Danny Lardino?

Mr. JOHN LARDINO. Yes.

Mr. KENNEDY. Did you bring him into the labor movements?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Do you work with Danny Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. He was with local 658, and then was brought over to your local. Could you tell us why that was done?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. How much money do you get, legitimately, or do you get from the union, which is actually recorded?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us why there are no records prior to 1955 for local 593?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. According to our records, in 1955, you received from the local, salary, \$19,865, another salary adjustment of \$3,400, a weekly expense of \$5,850, a convention expense of \$2,400, a Christmas bonus of \$400, making a total of \$31,915. Is that correct?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, that was incorrect. I gave Mr. Blakely. How much do you get, Mr. Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. From the local 593, salary of \$19,865, salary adjustments of \$3,400, weekly expense of \$5,872, total for that year, convention expense of \$1,400, automobile expense of \$2,420.40, Christmas bonus of \$400, making a total of \$33,357.40. Is that right?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. You got \$33,357.40 in 1955 for doing exactly what, Mr. Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. What other money did you get from the local?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Mundie, to confirm these figures for 1955 and put the figures for 1956 and 1957 in?

The CHAIRMAN. Yes.

TESTIMONY OF JAMES MUNDIE—Resumed

The CHAIRMAN. Mr. Mundie, you have been previously sworn.

Mr. MUNDIE. I have.

The CHAIRMAN. You will remain under the same oath.

Mr. KENNEDY. Have you made an examination of the books and records of local 593?

Mr. MUNDIE. I have.

Mr. KENNEDY. Were all of the books and records available?

Mr. MUNDIE. For the years 1955, 1956, and 1957.

Mr. KENNEDY. Prior to that, there were no books or records?

Mr. MUNDIE. They told me they had been destroyed.

Mr. KENNEDY. Would you tell us what the books and records show that you can trace that went to Mr. Lardino? I gave the figures for 1955. Were those figures correct?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. Would you give the figures for 1956, please?

Mr. MUNDIE. In 1956, Mr. Lardino received \$23,700 in salary; weekly expense of \$5,608; convention expense of \$2,050; strike expense, \$65; purchase of an automobile, Cadillac automobile, \$2,067; Christmas bonus, \$400; making a total of \$33,900.

Mr. KENNEDY. What about 1957?

Mr. MUNDIE. In the year 1957, Mr. Lardino received \$24,000 in salary, weekly expense of \$5,360, convention expense of \$1,950, the purchase of an automobile of \$2,010.50, and a Christmas bonus of \$600, making a total of \$33,920.50.

Mr. KENNEDY. Does he receive more money out of the local, money that can be traced, more money than any other union official?

Mr. MUNDIE. Well, in the year 1957, it was about \$500 more.

Mr. KENNEDY. Mr. Blakely is the next?

Mr. MUNDIE. Yes, sir.

Mr. KENNEDY. Mr. Mundie, does local 593 file reports with the Department of Labor?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. In the reports that were filed with the Department of Labor prior to our investigation beginning, which was in early 1957, of these union reports, did Mr. Lardino report accurately how much money he was receiving out of this union?

Mr. MUNDIE. In the year 1955, the report to the Labor Department—

Mr. KENNEDY. For the year 1955, which would be filed in 1956?

Mr. MUNDIE. That is correct; Mr. Lardino, as administrative director, was reported to have \$18,796.

Mr. KENNEDY. How much money did he actually receive?

Mr. MUNDIE. \$33,357.40.

Mr. KENNEDY. Did he report all the money on his income-tax returns that he received out of the union?

Mr. MUNDIE. Mr. Lardino reported his salary, no weekly expense, no convention expense, and no automobile expense, and no Christmas bonus.

Mr. KENNEDY. This weekly expense was expense that he received periodically and which there were no vouchers for?

Mr. MUNDIE. Every week.

Mr. KENNEDY. For the year 1956, that report was not filed until 1957; is that right?

Mr. MUNDIE. That is correct.

Mr. KENNEDY. And that report is accurate, in substance; is that right?

Mr. MUNDIE. In substance, with the exception of the convention expense and the automobile and bonus.

TESTIMONY OF JOHN LARDINO—Resumed

Mr. KENNEDY. You have a safety deposit box?

Mr. JOHN LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct, when I talked to you out in Chicago, you said you had a safe-deposit box and made arrangements for us to look at the safe-deposit box?

Mr. JOHN LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Could you tell us what you had in the safe-deposit box?

Mr. JOHN LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. I would like to call Mr. Duffy, Mr. Chairman, who made an examination of the safe-deposit box.

The CHAIRMAN. Mr. Duffy, you have been previously sworn. You may remain where you are.

TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. When we examined that, we found he had \$25,000 in cash, \$25,000 in Government bonds made out to John and Joanne Lardino. I might also add, at the time I asked Mr. Lardino how much money he had in his personal possession, and he stated that he had \$1,000 in his pocket.

Mr. KENNEDY. Also, did we ask Mr. Lardino where his bank accounts were?

Mr. DUFFY. We asked Mr. Lardino to submit the names of the various banks he had money in, and he stated he had no bank accounts in Chicago, that he did not keep any money in the banks.

Mr. KENNEDY. Is that correct, Mr. Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us where the \$25,000 in cash came from?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Duffy, did we request from Mr. Lardino an examination of the bills, so that we could determine the location and the number of the bills?

Mr. DUFFY. Yes. When I examined the currency in the safe-deposit box, I asked to take off some of the serial numbers on the money. The attorney, or I should say Mr. Lardino, was present, not his attorney, and they refused to let me take any of the numbers off of the bills.

Mr. KENNEDY. Is that correct?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. You wouldn't tell us anything, then, about your associates, your criminal associates, your associates in the underworld? You wouldn't tell us anything about the operation of the union, and

you wouldn't tell us anything about your personal finances; is that right, Mr. Lardino?

(The witness conferred with his counsel.)

Mr. JOHN LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, Mr. Lardino's brother is working for the local. We have had some testimony about him and his activities. I would like to have permission to call him as a witness.

The CHAIRMAN. Let him be called around.

Mr. KENNEDY. Mr. Danny Lardino.

Mr. EHRLICH. Mr. Chairman, I represent Mr. Danny Lardino. Is he going to sit over there?

The CHAIRMAN. He can sit right there by you. Be sworn. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DANNY LARDINO. I do.

TESTIMONY OF DANNY LARDINO, ACCOMPANIED BY COUNSEL, MYRON EHRLICH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DANNY LARDINO. My name is Daniel L. Lardino, 6018 North Winthrop.

The CHAIRMAN. What is your business or occupation, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you have an attorney?

Mr. DANNY LARDINO. Yes, sir.

The CHAIRMAN. You have already, I believe, identified yourself.

Mr. EHRLICH. Yes, sir. I have identified myself for the record.

The CHAIRMAN. Do you have a brother?

Mr. DANNY LARDINO. Yes; I do.

The CHAIRMAN. Do you recognize your brother when you see him?

Mr. DANNY LARDINO. Yes; I do, Senator.

The CHAIRMAN. Do you see him now?

Mr. DANNY LARDINO. Yes; I do, Senator.

The CHAIRMAN. He is in the witness chair with you?

Mr. DANNY LARDINO. Yes, Senator.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. Danny Lardino was secretary-treasurer of Local 658 of the Drugstore, Soda Fountain and Luncheonette Employees Union. This local was absorbed by local 593 in January of this year. Is that correct?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And that you were in charge of local 658 up until the time it was absorbed by 593, and now you are a business representative of 593; is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. We had some testimony regarding your activities down in Dallas, Tex., in 1946. Could you tell us if you have ever been to Dallas, Tex.?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Prior to going down there in 1944, you had been arrested on suspicion of burglary, and then took a plea of guilty to malicious mischief, and spent 90 days in the house of correction? Is that right, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Then in 1946 you went down to Dallas, Tex., according to sworn testimony we have had before the committee. Is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. That you went down there with Marcus Lipsky, Labriola, Weinberg, and Louis Schneider; is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And you were acting as Lipsky's bodyguard, is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And that you went down there to set up the arrangements for the control of vice in Texas and Arkansas and some of the States in that area, is that right, and Louisiana?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Then you came back to Chicago. You received a telephone call from your brother, telling you to get out of there, is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Mr. Lardino, were you born in this country?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the question of "Were you born in this country?" that a truthful answer thereto might tend to incriminate you?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer the question "Do you honestly believe that if you gave a truthful answer to the question 'Were you born in this country?'" that a truthful answer might tend to incriminate you?

Mr. DANNY LARDINO. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will stand through the remainder of your testimony.

Are you an American citizen?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The chair asks you: Do you honestly believe that if you gave a truthful answer to the question "Are you an American citizen?" that a truthful answer might tend to incriminate you?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. The Chair, with the direction and approval of the committee, orders and directs you to answer the question "Do you honestly believe that if you gave a truthful answer to the question 'Are you an American citizen?' " that a truthful answer thereto might tend to incriminate you?

Mr. DANNY LARDINO. I decline to answer on grounds that my answer may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair will stand throughout the remainder of your testimony.

Proceed, Mr. Kennedy.

Mr. KENNEDY. When the staff interviewed you out in Chicago, you said that you did not know most of these individuals who were down in Dallas, Tex. Is that right, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You said that you did not know Labriola, you did not know Weinberg, you did not know Paul Jones, and you did not know Louis Schneider; is that correct?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Do you in fact know them, Mr. Danny Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Would you identify this registration?

The CHAIRMAN. Would you recognize your own signature?

(The witness conferred with his counsel.)

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you mean your answer or your signature?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer or my signature may tend to incriminate me.

The CHAIRMAN. I am going to show you your signature, what purports to be your signature, and give you an opportunity to identify it. Present the witness with this signature on the registration card of the hotel.

(The document was handed to the witness.)

Mr. DANNY LARDINO. I decline to—I decline to look at it on the grounds that it may tend to incriminate me.

The CHAIRMAN. The Chair is going to order and direct you to look at it, with the approval of the committee.

Mr. DANNY LARDINO. I have looked at it, and I decline to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. Let that card with the signature on it be made exhibit No. 35.

(The document referred to was marked "Exhibit No. 35" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. Present to the witness the hotel bill and let him examine that.

(The document was handed to the witness.)

The CHAIRMAN. State if you identify it.

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you examined the hotel bill?

Mr. DANNY LARDINO. Yes; I have.

The CHAIRMAN. And you decline to answer?

Mr. DANNY LARDINO. Yes.

The CHAIRMAN. Let the hotel bill be made exhibit 35A.

(The document referred to was marked "Exhibit No. 35A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Lardino stated that he did not know any of these individuals, and yet an examination of these hotel registrations show that he registered in the room with at least one of them, Mr. Louis Schneider.

Can you explain that to us, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. And while this was going on down in Dallas, Tex., in 1946, Mr. Danny Lardino was living with Mr. Schneider, while this arrangement was being set up to take over the vice and the gambling and other operations in that area.

Can you tell us about that?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. So we have information that you knew Ross Prio, and that you knew these other individuals? Then you came back to Chicago, and shortly afterward Nick DeJohn was found murdered in California. Could you tell us anything about his murder?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. According to the information and the testimony before the committee, Mr. Nick DeJohn had borrowed some money, including some money in Chicago, and the fact that he was unable to repay this money to the Chicago underworld was the reason that he was murdered. Could you tell us about that?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. With this fine background and experience, and a number of other arrests, you finally became head of one of the local unions in Chicago in 1950; is that right? Local 658?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. And you received the endorsement of no other than Mr. James Blakely, who is the international vice president of this whole union; is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. And shortly after you took over the local a great deal of violence took place in a number of the drugstores in the Chicago area; is that right, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. And windows were broken and other acts of violence occurred; is that right?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Garbage and debris was dumped and set on fire in front of drugstores. Was that all done at your direction, Mr. Lardino?

Mr. LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. Why was that organizational drive called off? Do you know? Can you tell us about that?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. The Chicago Retail Druggists Association hired a man by the name of Nathan Ruvell. Can you tell us anything about him?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. And he was hired as a public relations counsel. He is a close associate of Abraham Teitelbaum. Within a few days or shortly after he was hired, this strike was called off and he was able to settle it. Could you tell us how that happened?

Mr. DANNY LARDINO. I decline to answer on the grounds that it may tend to incriminate me.

Mr. KENNEDY. And when an investigation occurred, or took place, in the retail drugstore labor picture in Chicago in 1951, he was summarily fired. Can you tell us anything about that?

Mr. DANNY LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Could you tell us about how you organized, Mr. Lardino? According to the information we have, you were also one of those who was just interested in collecting some money and making sure that your salary and expenses are paid, with no interest in the employees at all.

Is that the kind of procedure that you follow?

Mr. DANNY LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. You and your brother just set up a very nice racket out there so that you would have a source of income; is that correct, Mr. Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Is that right, Mr. John Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You wouldn't tell us anything, Mr. Danny Lardino, as to what there was in your background that warranted you being given a charter into the Hotel and Restaurant Workers Union in Chicago?

Mr. DANNY LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us anything about the threats on Mr. Teitelbaum's life in 1954?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. John Lardino, can you tell us anything about that?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. We had testimony this morning, Mr. Lardino, that there were some 40 fires which had the pattern of being arsons, that there had been set on fire purposely certain of these restaurants and taverns. Can you tell us the reason or the source of any of those fires?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us who was responsible, Mr. Danny Lardino, for those fires?

Mr. DANNY LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Do you have a position with a labor union at this time?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you think that answer reflects upon unionism in this country?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you ever done a decent thing for working people in your life?

Mr. DANNY LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

The CHAIRMAN. Do you have a friend whom you can acknowledge or anyone whose acquaintance you can acknowledge without possible self-incrimination?

Mr. DANNY LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

The CHAIRMAN. Are there any other questions?

Is there anything further?

Mr. KENNEDY. Just, Mr. Chairman, that these individuals have positions of great importance and responsibility in that area. Mr. John Lardino controlled the biggest local, and Danny had complete control over another local for 6 or 7 years. They had positions of power and authority over the employees.

The CHAIRMAN. Everything I said with respect to the attitude and refusal to cooperate on the part of witness John Lardino, of course, applies to this witness, Dany Lardino.

Mr. KENNEDY. I might ask what the arrangements were with the Chicago Restaurant Association, Mr. John Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Do you know why it was that they should have as somebody doing their labor relations with your unions, first,, Teitelbaum, who had many criminal associations, and then Mr. Teitelbaum should get Mr. Louis Romano, who had a criminal record, with many criminal associations, and Mr. Champagne, with many criminal associations, and he should take on Sam English, also, who is very close to Sam Golfbag Hunt, why they should have individuals like that associated with them?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Was it necessary because on your side you also had the same kind of association, the same kind of records?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Mr. John Lardino, I think possibly your further testimony may be needed by this committee at a later date. Therefore, I am directing the clerk of the committee, Mrs. Watt, to serve this subpoena upon you here in open session of the committee. You will be under that subpoena subject to return on that date, unless you are notified not to.

(The document was handed to the witness.)

The CHAIRMAN. The Chair at this time directs the clerk to prepare a similar subpoena for your brother, the witness Danny Lardino, to appear again on the same date as this subpoena, the 11th day of September 1958, here at the committee room, 101, Senate Office Building, Washington, D. C.

That subpoena is in the course of preparation. The Chair directs that it be served on the witness Danny Lardino before he is excused from attendance here today.

As soon as the subpoena is prepared, you will serve it on this witness.

The witness is not released from his presence before this committee until that subpoena is served.

When the committee recesses this afternoon, it will recess until 10 o'clock in the morning, to reconvene in this room.

Mr. KENNEDY. I would think, Mr. Chairman, that we will only be a half day on Friday.

The CHAIRMAN. Do you think we may get through by Friday?

Mr. KENNEDY. Yes.

The CHAIRMAN. Let the record show, and, if you will hand me that subpoena, let the record show it is dated the 17th, whereas it should be dated the 16th. Change the copy of the subpoena to the 16th.

You will acknowledge the change in yours accordingly. It is actually issued on the 16th, rather than the 17th. It is a typographical error in the dating of it.

Mrs. Watt, you will serve this subpoena on Danny Lardino.

(The document was handed to the witness.)

Mr. KENNEDY. It is my information that John Lardino has resigned today from his union positions, as well as Mr. Danny Lardino, although we have not heard officially.

I understand that is correct.

Is that correct, Mr. Danny Lardino?

Mr. DANNY LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. What about it, Mr. John Lardino?

Mr. JOHN LARDINO. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. I understand they are both out of jobs, Mr. Chairman.

The CHAIRMAN. Is there anything further?

If not, the committee stands in recess until 10 o'clock in the morning.

(Whereupon, at 5:05 p. m., the committee recessed, to reconvene at 10 a. m. Thursday, July 17, 1958, with the following members present: Senators McClellan and Goldwater.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 17, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; La Vern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session are: Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Joseph Wilkos.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILKOS. I do.

TESTIMONY OF JOSEPH WILKOS

The CHAIRMAN. State your name, and your place of residence and your business or occupation.

Mr. WILKOS. My name is Joseph Wilkos, and I live at 724 Selborn Road, Riverside, and I am a restaurant owner.

The CHAIRMAN. Do you waive counsel?

Mr. WILKOS. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. We have dealt in the past, Mr. Chairman, with a number of different locals, including 593, and to some extent 88 and 394, and also to a lesser degree 484. Today we are going to deal with local 450. We will have testimony on that local, as well as testimony from some of the officials of that local.

Now, Mr. Wilkos, you purchased the Richards Restaurant and Lounge, did you?

Mr. WILKOS. That is right.

Mr. KENNEDY. In October of 1953?

Mr. WILKOS. That is right.

Mr. KENNEDY. Now, were you approached shortly after you made the purchase to organize your employees?

Mr. WILKOS. Several months after the purchase, I was approached.

Mr. KENNEDY. Was that from a representative of local 450?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. Now, could you tell us what statements were made to you at that time?

Mr. WILKOS. Well, they told me that they had a contract with the previous owner.

Mr. KENNEDY. Could you tell us who told you this?

Mr. WILKOS. I don't remember if it was Lizzare or if it was another one.

Mr. KENNEDY. Was it Mr. Leonardi?

Mr. WILKOS. Or it might have been Leonardi; I don't remember whether it was Lizzare or Leonardi.

Mr. KENNEDY. All right, go ahead.

Mr. WILKOS. They said they had a contract with the previous owner, and they expected me to go along with the old contract.

Mr. KENNEDY. What did you tell them that you would do?

Mr. WILKOS. Well, I said I guess I didn't have much choice but to go along with the old agreement.

Mr. KENNEDY. What was the old agreement? What did you learn that was?

Mr. WILKOS. Well, I think the old agreement provided for six employees in the union.

Mr. KENNEDY. Did you agree to pay money on six employees?

Mr. WILKOS. I did.

Mr. KENNEDY. Did he tell you anything about the fact that you could avoid trouble if you did this?

Mr. WILKOS. Something was mentioned like that.

Mr. KENNEDY. What was mentioned in substance?

Mr. WILKOS. When I tried to talk my way out of it, they just told me, "You didn't want any trouble; did you?"

Mr. KENNEDY. What did you understand he meant by that?

Mr. WILKOS. Well, it is common knowledge that when something like that is said, it means a picket line.

Mr. KENNEDY. Now, did you have any discussions with him later on, and you agreed at that time to put in some six of your employees?

Mr. WILKOS. That is right.

Mr. KENNEDY. To pay dues on six employees?

Mr. WILKOS. That is right.

Mr. KENNEDY. And the initiation fees?

Mr. WILKOS. That is right. We didn't pay initiation fees on those.

Mr. KENNEDY. Just the dues?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. How much did that amount to?

Mr. WILKOS. It was approximately \$60 quarterly.

Mr. KENNEDY. Did he make an approach at a later time?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. Who came back to see you then?

Mr. WILKOS. It was different ones; and it was Kouba and Lizzare were the chief ones, and then Leonardi would come in once in a while.

Mr. KENNEDY. What was Leonardi, what did he tell you?

Mr. WILKOS. That he wanted more people in the union.

Mr. KENNEDY. Mr. Leonardi told you that?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. And what arrangements did you make then? This is the second time?

Mr. WILKOS. Well, we added 2 or 3 to the list.

Mr. KENNEDY. When did he come back, and when did Mr. Leonardi have this conversation with you?

Mr. WILKOS. The first time, or the last time?

Mr. KENNEDY. The time that you agreed to put in some more employees.

Mr. WILKOS. I wouldn't remember the date.

Mr. KENNEDY. How long after? Was it 1954 during the same year?

Mr. WILKOS. I think about 1955.

Mr. KENNEDY. How many employees then did you agree to put in?

Mr. WILKOS. I think we added three then.

Mr. KENNEDY. So then you were paying for nine employees altogether?

Mr. WILKOS. At that time.

Mr. KENNEDY. How much was the total you were paying to the union?

Mr. WILKOS. Well, the amounts varied, from \$60 when we started to the present time, we were paying \$142.50.

Mr. KENNEDY. Why are you paying this money?

Mr. WILKOS. Well, to keep the employees.

Mr. KENNEDY. Did they want to join the union?

Mr. WILKOS. They don't, and they don't want to pay the dues.

Mr. KENNEDY. So you have to make these payments in order to keep your employees working, and the employees who don't want to join the union?

Mr. WILKOS. That is right.

Mr. KENNEDY. What would be the result or what would happen if you didn't make the payments to the union?

Mr. WILKOS. That would strictly be a guess.

Mr. KENNEDY. What did you think would happen if you didn't pay?

Mr. WILKOS. That we would get tied up with a picket line.

Mr. KENNEDY. That would destroy your business, would it?

Mr. WILKOS. It would knock our business out completely.

Mr. KENNEDY. You signed a union contract, did you?

Mr. WILKOS. At a later date.

Mr. KENNEDY. When was that?

Mr. WILKOS. That was in 1956.

Mr. KENNEDY. Did you sign a contract for health and welfare?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. Was this for all of your employees?

Mr. WILKOS. No, it was not for all of the employees.

Mr. KENNEDY. Just certain of the employees paid their own dues?

Mr. WILKOS. That is right.

Mr. KENNEDY. And the health and welfare covered those employees?

Mr. WILKOS. No.

Mr. KENNEDY. Which employees did it cover?

Mr. WILKOS. Health and welfare covered full-time employees that we carried, the ones we paid for.

Mr. KENNEDY. All of those?

Mr. WILKOS. The full-time ones that we paid on.

Mr. KENNEDY. Did Mr. Leonardi, the union representative, ever discuss with you the wages, hours, or conditions of your employees?

Mr. WILKOS. No.

Mr. KENNEDY. They just wanted the money, is that right?

Mr. WILKOS. Well, they wanted a contract or you can call it that if you want to.

Mr. KENNEDY. That is what it is, isn't it? It is \$142.50 quarterly?

Mr. WILKOS. That is right.

Mr. KENNEDY. All right.

The CHAIRMAN. How do you pay this money?

Mr. WILKOS. By check.

The CHAIRMAN. You always pay it by check?

Mr. WILKOS. Yes, sir.

The CHAIRMAN. So you are paying \$570 a year now to this hijacking outfit?

Mr. WILKOS. That is right.

The CHAIRMAN. That is what it amounts to, isn't it?

Mr. WILKOS. The suspicion looks that way.

The CHAIRMAN. Are there any facts to controvert the suspicion?

Mr. WILKOS. No, I guess not.

The CHAIRMAN. You are in on the deal and you know about it. Do you know of any facts?

Mr. WILKOS. Well, the fact is that if you want to stay in business—

The CHAIRMAN. You have to pay it?

Mr. WILKOS. O. K.

The CHAIRMAN. Is that right?

Mr. WILKOS. That is right.

The CHAIRMAN. That is the way you feel about it? You don't pay it voluntarily, and you pay it because you feel you have to stay in business?

Mr. WILKOS. That is right.

The CHAIRMAN. As far as any benefit from it is concerned you know of no lawful benefit that you get, that is, no benefit that you are not entitled to under the law anyway?

Mr. WILKOS. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. One of the employees or one of the people that you are paying on is yourself, is it not?

Mr. WILKOS. That is right.

Mr. KENNEDY. There is no benefit that the union can do for you?

Mr. WILKOS. At that time they wanted representation in the kitchen, and I thought it would be a good idea to put myself in, instead of paying initiation dues on people that might come and go.

Mr. KENNEDY. So you just put yourself in as the representative in the kitchen?

Mr. WILKOS. Yes, sir.

Mr. KENNEDY. But there is no benefit that the union could have given you, is there? This was just a question of keeping them away, and you made a payment in order to keep them away?

Mr. WILKOS. That is right.

Mr. KENNEDY. That is all.

The CHAIRMAN. Do you work in the kitchen?

Mr. WILKOS. My office is in the kitchen, yes.

The CHAIRMAN. You actually do your work as office work, do you not?

Mr. WILKOS. Well, I still do some butchering and frying.

The CHAIRMAN. I imagine in small restaurants, you sometimes get in and help when you have a shortage or something?

Mr. WILKOS. That is right.

The CHAIRMAN. Actually you are owner and manager?

Mr. WILKOS. Yes, sir.

The CHAIRMAN. And you put yourself in the union and pay dues just to keep peace?

Mr. WILKOS. To keep peace, that is right.

The CHAIRMAN. It is to avoid being driven out of business by an illegal picket line?

Mr. WILKOS. That is right.

Senator CHURCH. Did I understand you to say that you commenced making these payments at the rate of \$60 a quarter in 1954, and that since the rate has gone up to \$142.50 per quarter?

Mr. WILKOS. That is right.

Senator CHURCH. You made these payments through 1954 and 1955, but you didn't enter into any kind of union contract at all until 1956?

Mr. WILKOS. That is right.

Senator CHURCH. Very well, that is all.

The CHAIRMAN. What does the contract provide, do you know?

Mr. WILKOS. No, I wouldn't know exactly.

The CHAIRMAN. Have they ever done anything to enforce the contract other than to collect the money?

Mr. WILKOS. No.

The CHAIRMAN. They never complained you were not living up to the contract in any respect?

Mr. WILKOS. No.

The CHAIRMAN. Did they ever seek higher wages for your employees?

Mr. WILKOS. No.

The CHAIRMAN. Did they ever complain about their working conditions?

Mr. WILKOS. No.

The CHAIRMAN. Their hours of work?

Mr. WILKOS. No, sir.

The CHAIRMAN. I see.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you every much. Call the next witness.

Mr. KENNEDY. Miss Marjorie Pechan.

The CHAIRMAN. Do you solemnly swear that evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Miss PECHAN. I do.

TESTIMONY OF MARJORIE PECHAN

The CHAIRMAN. State your name, your residence, and your business or occupation, please.

Miss PECHAN. My name is Marjorie Pechan, and I live at 3910 West 24th Street, in Chicago, and I am employed at Richard's Restaurant and Cocktail Lounge.

The CHAIRMAN. Do you waive counsel?

Miss PECHAN. Yes, sir.

Mr. KENNEDY. How long have you been employed at Richards' Restaurant?

Miss PECHAN. It will be 4 years this September.

(At this point, the following members were present: Senators McClellan and Church.)

Mr. KENNEDY. And you are a waitress there, are you?

Miss PECHAN. Yes, I am.

Mr. KENNEDY. Did any official representative of local 450, any union, approach you about joining the union in 1955?

Miss PECHAN. No, they did not.

Mr. KENNEDY. No one ever spoke to you?

Miss PECHAN. No one except the manager, when he informed me that I was being put into the union.

Mr. KENNEDY. The manager?

Miss PECHAN. Yes.

Mr. KENNEDY. What was his name?

Miss PECHAN. Mike Wohlen.

Mr. KENNEDY. He told you you were being placed in the union?

Miss PECHAN. That is right.

Mr. KENNEDY. But you had never been approached by anyone to join the union before?

Miss PECHAN. No.

Mr. KENNEDY. You never signed any card of any kind?

Miss PECHAN. No, sir.

Mr. KENNEDY. Why did he tell you he was putting you into the union?

Miss PECHAN. Well, he said they had to put a few girls in, and I was one of them, and he just thought that it would be best that he tell us in case we received any literature through the mail, magazines, or notices of meetings or anything like that.

Mr. KENNEDY. Did you want to join the union?

Miss PECHAN. No.

Mr. KENNEDY. Did any of the other girls want to join the union?

Miss PECHAN. I didn't discuss it with any of them. I believe it was immaterial to them as it was with me.

Mr. KENNEDY. Did you think this was a rather strange way of handling it?

Miss PECHAN. Well, yes. I didn't think it was the right way. But I knew that Richard was protecting himself for which I couldn't blame him, either.

The CHAIRMAN. Protecting himself from what?

Miss PECHAN. From all the things that had been happening to other places, I mean that we had heard about and read about. I mean, it was just hearsay.

The CHAIRMAN. What were some of the things?

Miss PECHAN. Well, you hear of these picket lines and people having restaurants burned and so forth.

The CHAIRMAN. So you felt that he was having to do it in order to protect his property and protect his business?

Miss PECHAN. That is right.

The CHAIRMAN. To keep from having his property destroyed or his business destroyed?

Miss PECHAN. Yes, sir.

The CHAIRMAN. Is that the general feeling that you find throughout your contacts, that such a condition prevails there in Chicago where people have to pay off, business people, small-business people, have to pay off to this element in order to stay in business?

Miss PECHAN. Well, I'm assuming that most people think that way, although we don't discuss it.

The CHAIRMAN. It is kind of a hush-hush affair, is it?

Miss PECHAN. Well, actually, we are just waitresses and it isn't our business or our property, and it does not actually touch us directly. So I guess that is why we just never discuss it.

The CHAIRMAN. All right.

Senator CHURCH. Tell me, from the time that you were notified that you had been placed in this union, have you ever been contacted by any representative of this local inquiring as to your working conditions or as to your wages?

Miss PECHAN. No.

Senator CHURCH. Have you received any benefits that you know of by virtue of your membership in this union?

Miss PECHAN. No. I don't know of any benefits. If there are any, I don't know about them.

Senator CHURCH. Have you ever been advised by any member of the local as to the terms or conditions of a union contract that governs your employment?

Miss PECHAN. No.

Senator CHURCH. So that as far as you are concerned, your work and the conditions of your work have continued unaffected since the time you were notified that you were a member of this union? It has meant nothing to you at all, no benefits of any kind, no interest shown by the local in your working conditions or in your wages, in that no contact was made. Is that a correct statement?

Miss PECHAN. That is correct.

Mr. KENNEDY. In fact, until the investigation started, you did not even know what local you were in?

Miss PECHAN. That is correct.

Mr. KENNEDY. You were never invited to a union meeting or anything?

Miss PECHAN. I did receive cards, but I never attended.

Mr. KENNEDY. You never attended.

That is all.

The CHAIRMAN. Thank you very much. Call the next witness.

Mr. KENNEDY. Mr. Charles Hoch.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOCH. I do.

TESTIMONY OF CHARLES HOCH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. HOCH. My name is Charles Hoch, and I live at 6420 West 28th Street, Berwyn, Ill. I am manager of the Klas Restaurant, in Cicero, Ill.

The CHAIRMAN. You waive counsel, do you, Mr. Hoch?

Mr. HOCH. Yes, I do.

Mr. KENNEDY. You are the manager of Klas Restaurant?

Mr. HOCH. Yes; I am.

Mr. KENNEDY. Did you understand that back in 1939 or approximately 1939 that the management of the restaurant had started to pay money to the union supposedly on a certain number of employees?

Mr. HOCH. That is right; yes, sir.

Mr. KENNEDY. How much money was being paid, or for how many employees?

Mr. HOCH. Well, offhand I would not have the figure on that, but it approximated \$3 a month for each employee.

Mr. KENNEDY. And how many employees were they paying on?

Mr. HOCH. I believe it was four.

Mr. KENNEDY. For what reason were they paying for these individuals?

Mr. HOCH. Well, I just can't answer that. It was requested, by request, that we have a union house, and that we try to get as many employees as possible into it.

Mr. KENNEDY. The employees had not indicated a desire to join the union, had they?

Mr. HOCH. No, sir.

Mr. KENNEDY. Well, then, why were you paying the money? Why was management paying this money?

Mr. HOCH. The same reasons as everybody else.

Mr. KENNEDY. What is that?

Mr. HOCH. To keep the business going.

Mr. KENNEDY. And that arrangement has continued up to the present time, has it?

Mr. HOCH. Yes, sir.

Mr. KENNEDY. Who are the people that are in the union at the present time?

Mr. HOCH. The names of the employees?

Mr. KENNEDY. Well you still have four people in, have you?

Mr. HOCH. Well, we have more than that, Mr. Kennedy.

Mr. KENNEDY. How many are you paying on now?

Mr. HOCH. The waitresses—

Mr. KENNEDY. How many are you paying on now?

Mr. HOCH. Directly?

Mr. KENNEDY. Yes.

Mr. HOCH. I believe it is four.

Mr. KENNEDY. Who are the four?

Mr. HOCH. The chef, the salad woman, my brother, and myself.

Mr. KENNEDY. You and your brother are 2 of the 4?

Mr. HOCH. Yes, sir.

Mr. KENNEDY. There is no benefits that the union could do for you and your brother, is there?

Mr. HOCH. No, sir.

Mr. KENNEDY. It is just a payment being made to keep the union away; is that right?

Mr. HOCH. That is correct.

Mr. KENNEDY. Two of the employees you are paying on—you and your brother are two—the salad girl left the employment in February 1957, and you continued to pay in her name?

Mr. HOCH. Yes, sir.

Mr. KENNEDY. The chef left in September of 1957 and you continued to pay in his name, is that right?

Mr. HOCH. That is correct.

Mr. KENNEDY. So it is just a payoff in order to keep the union away; is that right?

Mr. HOCH. Well, you might call it that.

Mr. KENNEDY. Isn't that what it is?

Mr. HOCH. I suppose it is; yes, sir.

Mr. KENNEDY. When the salad girl and the chef were present, did they know they were members of the union?

Mr. HOCH. No, sir.

Mr. KENNEDY. And no representative of local 450 has ever discussed wages, hours, or conditions with you or the employees?

Mr. HOCH. Well, they have as far as the waitresses are concerned.

Mr. KENNEDY. But as far as—

Mr. HOCH. As far as our wages?

Mr. KENNEDY. Yes.

Mr. HOCH. No, sir. They said we should handle that ourselves.

Mr. KENNEDY. And this payment that you make is deducted as a business expense; is it not?

Mr. HOCH. No, sir; that is taken from Mr. Klas' personal account.

Mr. KENNEDY. It is not deducted?

Mr. HOCH. No, sir.

Mr. KENNEDY. Why isn't it deducted?

Mr. HOCH. Why is it deducted?

Mr. KENNEDY. Why is it not?

Mr. HOCH. Well, I think Mr. Klas felt that he could stand that difference in his profits for the end of the year.

Mr. KENNEDY. Because it was felt that it would be an improper payment; is that why he didn't deduct it?

Mr. HOCH. Yes; I believe so; yes, sir.

Mr. KENNEDY. How much do you pay?

Mr. HOCH. \$3.50 a month. Do you mean the total amount?

Mr. KENNEDY. Yes.

Mr. HOCH. Well, when we were taking out the waitresses' dues, it averaged around \$100 or \$150 every 3 months.

Mr. KENNEDY. I am just talking on the four employees.

Mr. HOCH. \$3.50 a month, sir.

Mr. KENNEDY. That is \$14 a month; is that right?

Mr. HOCH. That is correct.

Mr. KENNEDY. The other employees; you deduct from them?

Mr. HOCH. From their wages; yes.

Mr. KENNEDY. Have they given you permission to do that?

Mr. HOCH. Yes; they have.

Mr. KENNEDY. They have signed cards?

Mr. HOCH. Yes, sir.

The CHAIRMAN. Is there anything further?

Senator CHURCH. I have just one question, I understand, then, that, for these 4, 2 of them were Mr. Klas and yourself, representatives of management, and the other 2 were the salad girl and the chef?

Mr. HOCH. That is right.

Senator CHURCH. Is that correct?

Mr. HOCH. Yes.

Senator CHURCH. The salad girl and the chef didn't know about it at the time? And they are no longer in your employment?

Mr. HOCH. That is right.

Senator CHURCH. But the \$14-a-month payments have continued; is that correct?

Mr. HOCH. That is right.

The CHAIRMAN. Do the payments continue on the two that are not in your employ? You haven't substituted other names for them?

Mr. HOCH. Yes; I have, in one case, but the gentleman also left since then.

The CHAIRMAN. Then what?

Mr. HOCH. But we continued paying.

The CHAIRMAN. Well, do you send in new names when one that you are paying on goes out of your employ?

Mr. HOCH. Well, we don't see these gentlemen very often; once every 3 months. We were changing them as they happened, as the changes happened.

The CHAIRMAN. They are not interested in the name or in the individual. All they want is the money?

Mr. HOCH. Well, as far as these four employees are concerned, but the rest they were. We changed the salary. We gave them the benefit, the health and welfare fund, so that, to a certain extent, employees had benefited by it.

The CHAIRMAN. All right. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Call the next witness.

Thank you very much.

Mr. KENNEDY. Beverly Sturdevant and Mae Christiansen.

The CHAIRMAN. Be sworn, please. Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. CHRISTIANSEN. I do.

Mrs. STURDEVANT. I do.

TESTIMONY OF BEVERLY STURDEVANT AND MAE CHRISTIENSEN

The CHAIRMAN. Beginning on my left, will you state your name, your place of residence, and your business or occupation, please?

Mrs. CHRISTIANSEN. Mae Christiansen, 2332 South Austin, Cicero, Ill., presently unemployed.

Mrs. STURDEVANT. My name is Beverly Sturdevant; I live in Chicago, Ill. I am manager of Embassy Restaurant in Cicero.

The CHAIRMAN. Do each of you ladies waive counsel?

Mrs. CHRISTIANSEN. Yes, sir.

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Thank you.

Proceed.

Mr. KENNEDY. Your name is Mae Christiansen?

Mrs. CHRISTIANSEN. That is correct.

Mr. KENNEDY. And it is Beverly Sturdevant?

Mrs. STURDEVANT. Correct.

Mr. KENNEDY. You were a waitress at Sramek's Restaurant; is that right.

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. How long had you worked there?

Mrs. STURDEVANT. Well, I started there in January of 1956.

Mr. KENNEDY. Are you still in that same place?

Mrs. STURDEVANT. Yes, sir; it is the same place, but a different name.

Mr. KENNEDY. It has changed its name?

Mrs. STURDEVANT. The Embassy Restaurant.

Mr. KENNEDY. What is the address?

Mrs. STURDEVANT. 6144 West Cermak Road.

Mr. KENNEDY. Did any representative of the union come in to start to organize?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. While you were working there as a waitress?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. When was that?

Mrs. STURDEVANT. In February of 1956.

Mr. KENNEDY. Who came in at that time?

Mrs. STURDEVANT. Mr. Daniel Leonardi and Mr. Mack.

Mr. KENNEDY. They were business agents of local 450?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Could you tell us what occurred?

Mrs. STURDEVANT. Well, they came in and they told us that they wanted to organize us into the union.

Mr. KENNEDY. Had they had any discussions with the employer prior to that time?

Mrs. STURDEVANT. Yes, sir; they had.

Mr. KENNEDY. And what did the employer say?

Mrs. STURDEVANT. I have no idea.

Mr. KENNEDY. Then they approached you?

Mrs. STURDEVANT. Yes, sir. They told us that—we told them that we did not need a union; we were getting 70 cents an hour, and we felt it was a fair rate of pay; there were no unfair conditions going on in the business; we were very happy with our employer, and we did not need a union. They then told us that if we didn't join the union they would put up a picket line which would put our employer, eventually, out of business.

We told them it was up to them to do that; that we would be willing to face something like that at that time. They then told us that there

could be an accident down the stairs. Our restaurant is in the basement.

The CHAIRMAN. There could be what?

Mrs. STURDEVANT. There could be an accident down the stairs, to where whoever was pushed down the stairs would sue our employer and put him out of business in that respect.

Mr. KENNEDY. How was the accident to occur? Did you understand how that was to happen?

Mrs. STURDEVANT. It was to be a push down the stairs.

Mr. KENNEDY. Who told you this?

Mrs. STURDEVANT. Mr. Leonardi.

Mr. KENNEDY. And this was while he was trying to organize you; is that right?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. What was your reaction to that?

Mrs. STURDEVANT. It didn't leave us much choice.

Mr. KENNEDY. Did you have some further conversations with him?

Mrs. STURDEVANT. Yes, sir. They kept pursuing the matter. They told us there was no guaranty against any harm to the girls themselves. We had assumed that meant if they would put up a picket line we would not be able to cross it without getting hurt.

Mr. KENNEDY. What did he say about that?

Mrs. STURDEVANT. Mr. Leonardi? He was the one that told us there was no guaranty.

Mr. KENNEDY. There was no guaranty that you would not get hurt?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. He told the waitresses this?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. And you better join the union if you wanted to protect yourselves; is that right?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Was there much apprehension among the waitresses after that?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Mrs. Christiansen, did you have any conversations with any of these union officials?

Mrs. CHRISTIANSEN. Yes; I have attended the first meeting that they had.

Mr. KENNEDY. And did anybody make any statements similar to this?

Mrs. CHRISTIANSEN. Yes; they did.

Mr. KENNEDY. Who told you this?

Mrs. CHRISTIANSEN. Mr. Mack and Mr. Leonardi.

Mr. KENNEDY. What did they say to you?

Mrs. CHRISTIANSEN. Well, they wanted us to join the union or else quit our jobs.

Mr. KENNEDY. Did they tell you you would not be able to get a job?

Mrs. CHRISTIANSEN. They told me, personally, that if I quit my job they would see to it that I was not allowed to work in a union house again.

Mr. KENNEDY. Who told you this?

Mrs. CHRISTIANSEN. Mr. Mack or Mr. Leonardi. I am not sure which.

Mr. KENNEDY. That if you didn't join the union you would not be able to get a job anyplace else?

Mrs. CHRISTIANSEN. That is right.

Mr. KENNEDY. What did you tell him? What did you tell Mr. Leonardi?

Mrs. CHRISTIANSEN. I asked them if they called themselves American. If they could imply such tactics as that to me, it was not being American.

Mr. KENNEDY. What did he say?

Mrs. CHRISTIANSEN. Oh, he also told me I should shut up.

Mr. KENNEDY. Mrs. Sturdevant, you ultimately decided to join the union?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Why did the waitresses decide to join the union?

Mrs. STURDEVANT. We joined to protect our employer. We enjoyed working for him and with him, and we didn't want to see any harm come to him in his business, so we joined the union to keep away pickets and any accidents.

Mr. KENNEDY. But nobody was interested in joining the union?

Mrs. STURDEVANT. No, sir; definitely not.

Mrs. KENNEDY. It was just a fear as to what might happen to the employer?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. And also, apprehension on behalf of the waitresses themselves?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Was there any fear among the waitresses?

Mrs. STURDEVANT. Well, we talked it over, and we just decided it was the best thing to do.

Mr. KENNEDY. Was part of that or any of it in view of the statements they had been making to you?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. After you joined the union—when was that?

Mrs. STURDEVANT. When we joined?

Mr. KENNEDY. Yes.

Mrs. STURDEVANT. We joined in March of 1956, I believe it was when we signed.

Mr. KENNEDY. Did you have any contact with the union after that?

Mrs. STURDEVANT. No, sir.

Mr. KENNEDY. Did you personally hear from anybody from the union?

Mrs. STURDEVANT. No, sir.

Mr. KENNEDY. The representatives of the union have been aware that you have had some conversations with the members of the committee?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Did anybody speak to you about testifying before this committee?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Would you tell us what happened?

Mrs. STURDEVANT. I was told not to come down to Washington to testify.

The CHAIRMAN. You were told what?

Mrs. STURDEVANT. I was told not to come down to Washington, that I should get sick before coming down to Washington or be sicker when I get back.

Mr. KENNEDY. Or that you would be sicker?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Will you tell us exactly what happened?

Mrs. STURDEVANT. It is all being handled by the FBI, and at this time I would not care to give any more information on it.

Mr. KENNEDY. Can you at least relate to the committee what the full statement was that was made to you?

Mrs. STURDEVANT. That is the extent of it, the better part of it, the real core of it.

Mr. KENNEDY. Would you repeat it, please, so we get it straight?

Mrs. STURDEVANT. I should get sick before I come down to Washington or I would be sicker when I get back.

The CHAIRMAN. Have you given the full information regarding this to the FBI?

Mrs. STURDEVANT. Yes, sir, I have signed a complete statement with the FBI.

The CHAIRMAN. And given the names of those persons involved?

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. And when did this occur?

Mrs. STURDEVANT. Last week, Wednesday.

The CHAIRMAN. Last Wednesday?

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Wednesday of this week?

Mrs. STURDEVANT. No, the week before.

The CHAIRMAN. One week ago Wednesday?

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Did you report it immediately to the FBI?

Mrs. STURDEVANT. Yes, sir; I did.

The CHAIRMAN. Is there anything further?

Well, I see you didn't obey, you didn't heed the warning given you. You didn't get sick apparently, but instead you came on down here as a good American citizen, to be helpful to your country.

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Do you have any fear or apprehension now about bodily harm by reason of this threat?

Mrs. STURDEVANT. No, sir.

The CHAIRMAN. Well, I hope no fear is justified. I sincerely trust the FBI will perform its ablest function, and duty, and protection, and apprehend those who have dared to obstruct the processes of Government by threats and intimidation of an American citizen. The committee will be interested in this, and will confer with the FBI. It may have a function to perform in this connection. And at which time, if we need your testimony directly about it, of course, you would be willing to give it?

Mrs. STURDEVANT. Yes, sir.

Mr. KENNEDY. Have you been frightened about all of this?

Mrs. STURDEVANT. Yes, sir; I have.

Mr. KENNEDY. I guess it has upset your family?

Mrs. STURDEVANT. Yes, sir; it has.

Senator CHURCH. I should think it would.

Mrs. STURDEVANT. Pardon?

Senator CHURCH. I should think it would, and the other waitresses, too. I think it is a disgraceful condition. I am certainly hopeful that these hearings will contribute toward cleaning out this racket in Chicago.

Mrs. STURDEVANT. Yes, sir; that was why I am here.

Senator CHURCH. I know that, and I appreciate your coming.

Mr. KENNEDY. I think somebody as specifically threatened as this young lady has been, and who then comes and testifies anyway, is really doing something.

The CHAIRMAN. It is going to take that kind of courage on the part of the citizens of this country to clean up these elements that are preying upon helpless victims. If we have law enforcement, the local officials have to take some responsibility for these conditions. As I have stated heretofore, this committee is not a police agent. It has no enforcement powers other than to take action when one commits contempt of the committee, of the Senate. But we have developed in many instances clues, leads, and information, factual information, upon which local law enforcement officials could act. In some instances we have gotten action, and in some instances they have immediately performed their duties and gone out and apprehended those who were guilty of offenses and brought them to justice. We are hopeful that will be the result in this case. Whoever did that should be denied his freedom for a good long period of time, in my judgment.

Is there anything else? Is there any statement you ladies wish to make?

Mrs. STURDEVANT. No, sir.

Mrs. CHRISTIANSEN. No, sir.

The CHAIRMAN. You will be dismissed with the thanks of the committee, and I trust the thanks of every decent American and I hope others will take courage and faith by reason of the actions you have taken, and will cooperate with law-enforcement officials and with this committee in helping us to expose and eradicate as far as we can do so this unwholesome element from our society. Thank you very much.

Mrs. CHRISTIANSEN. Thank you, sir.

Mr. KENNEDY. We are going to call Mr. Leonardi now, Mr. Chairman.

It might be that these ladies will want to hear him.

The CHAIRMAN. Will you ladies just move back 2 or 3 chairs.

Mr. KENNEDY. Mr. Leonardi.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LEONARDI. Yes, sir.

TESTIMONY OF DANNY LEONARDI, ACCOMPANIED BY COUNSEL, FRANK W. OLIVER

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LEONARDI. My name is Danny Leonardi. I live at 922 South Monitor, Chicago, Ill.

The CHAIRMAN. What is your business or occupation, Mr. Leonardi?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Who is that sitting next to you?

Mr. LEONARDI. My attorney.

The CHAIRMAN. What is his name?

Mr. LEONARDI. Frank Oliver.

The CHAIRMAN. Do you know him?

Mr. LEONARDI. Yes, sir. He is my attorney.

The CHAIRMAN. Well, I wanted to find out. I wanted to get one answer from you, at least.

Would you identify yourself for the record, please?

Mr. OLIVER. My name is Frank Oliver. I am of the Illinois bar.

The CHAIRMAN. What is your address, please?

Mr. OLIVER. 33 North La Salle Street, Chicago.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Leonardi, you have heard the testimony here regarding your activities. You are business agent of local 450. We have had the testimony from this young lady that you told her that people could be pushed down the stairs and there would be no recourse for them. Would you tell us about that?

Mr. LEONARDI. Under the fifth amendment of the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Is that how you go about organizing establishments, Mr. Leonardi, tell young ladies that you will get them pushed down the stairs?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that the answer might tend to incriminate me.

Mr. KENNEDY. And then the employer pays the money and you are able to get your salary, is that right, and your expenses, and a little extra?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Will you two ladies step forward, the previous witnesses, Mrs. Christiansen and Mrs. Sturdevant.

Do you see anyone sitting before you there that you know?

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. What is his name?

Mrs. STURDEVANT. Danny Leonardi.

The CHAIRMAN. Is that the man that made these threats against you?

Mrs. STURDEVANT. At the time of organizing, yes, sir.

The CHAIRMAN. He is the one that suggested you might be pushed down the stairs and injured?

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Both of you identify him?

Mrs. CHRISTIANSEN. Yes, sir.

The CHAIRMAN. He is the same man?

Mrs. CHRISTIANSEN. Yes, sir.

The CHAIRMAN. The one that made those threats against you?

Mrs. CHRISTIANSEN. Yes, sir.

The CHAIRMAN. And intimidated you into joining the union you didn't want to join?

Mrs. CHRISTIANSEN. Yes, sir.

Mrs. STURDEVANT. Yes, sir.

The CHAIRMAN. Thank you very much. Have a seat.

Mr. KENNEDY. Mr. Chairman, we have a number of affidavits regarding Mr. Leonardi's activities.

This one further supports the testimony which has been given.

The CHAIRMAN. Before we proceed any further, let's ask the witness a question or two. Were you born in this country?

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. Are you a citizen of the United States?

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. Do you respect the flag and your country?

(The witness conferred with his counsel.)

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. All right. Are you willing to cooperate with your Government, are you?

Are you willing to cooperate with the Government that gave you protection and freedom?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you cooperated with your Government, that such cooperation might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. LEONARDI. May I confer with my attorney, Mr. McClellan?

The CHAIRMAN. Yes.

(The witness conferred with his counsel.)

Mr. LEONARDI. I don't understand the question, Senator.

The CHAIRMAN. Do you honestly believe that if you cooperated with your Government, that cooperation with your Government might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. LEONARDI. I don't understand what you mean by "cooperate."

The CHAIRMAN. Well, cooperate with your Government when it establishes a committee, the legislative branch of it, the Senate of the United States, to investigate the improper practices in labor-management relations.

(The witness conferred with his counsel.)

Mr. LEONARDI. I am fearful that if I would cooperate, I may tend to incriminate myself.

The CHAIRMAN. You honestly believe that if you did cooperate with this committee as a branch of your Government, performing a function of Government, that such cooperation might tend to incriminate you?

Mr. LEONARDI. Under the fifth amendment to the Constitution—

(The witness conferred with his counsel.)

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. You honestly believe that?

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. All right. I think you are correct. Go ahead.

Well, we are going to give you an opportunity if any of this testimony that we heard against you is untrue or false, the committee wants to be very fair and give you an opportunity, of course, to refute it, to deny it. We don't want to put you in the wrong light. We also have some affidavits here. You have heard the two ladies testify about your attitude and your conduct toward them and your threats of personal violence to them. You have heard that. Do you want to deny that before we proceed any further?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. I will read an affidavit or two, the principal parts of them.

This is an affidavit from Bernice Brown. It is dated the 24th day of April 1958. I will read some of the pertinent parts of it.

She states:

Since June 1957 I have been employed as a waitress at the Old Prague Restaurant, located at 5928 West Cermak Road, Cicero, Ill. During the year 1956 while employed at Sramek's Restaurant, I joined Local 450, Hotel and Restaurant Employees and Bartenders Union. I recall vividly the circumstances surrounding my joining the union. During the early part of 1956, officials of local 450 approached Mr. Ed Sramek, owner of the restaurant. Mr. Sramek refused to put the waitresses in the union. Failing in this initial effort, two officials of local 450, Mr. Dan Leonardi—

That is your name, isn't it, Dan Leonardi?

Mr. LEONARDI. Yes, sir.

The CHAIRMAN (reading):

head of local 450—

were you head of local 450?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Were you engaged in some activity as head of that union, some immoral or illegal practice that might tend to incriminate you if you acknowledge what you were doing?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. All right.

Then she further says:

and Mr. Henry Mack, a business agent of local 450, met on three occasions with a number of the waitresses who were employed at Sramek's. During the two meetings which I attended, I recall Mr. Leonardi at the outset of each meeting made it very clear that if we did not join the union, a picket union, a picket line would be placed in front of the establishment.

Did you attend such meetings with these waitresses?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. She further states:

Mr. Leonardi emphasized the facts that if we wanted to keep our jobs and keep the employer out of difficulty, we would have to join the union.

Is that true?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. She says further:

I remember saying that the stairs just outside the restaurant were steep and accidents could happen.

Did you say that?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. If you said it, did you mean it?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Don't you think any big old stiff that would say that to a poor girl, a working girl, would be trying to emphasize his brutishness rather than his manhood?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Wouldn't you regard, as a good American citizen, if you are, wouldn't you regard such an act as an act of cowardice?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. She further says:

The girls did not want to join the union, but we finally joined in order to prevent trouble to ourselves and to our employer.

Do you believe that is the right way to go about organizing people in the union?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. This affidavit may be printed in full in the record at this point.

(The document referred to follows:)

AFFIDAVIT

I, Bernice Brown, who reside at 1328 50th Avenue, Cicero, Ill., freely and voluntarily make the following statement to LaVern J. Duffy, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. No threats, force, or duress has been used to induce me to make this statement, nor have I received any promise of immunity from any consequences which may result from submission of this statement to the aforementioned Senate select committee:

"Since June 1957 I have been employed as a waitress at the Old Prague Restaurant located at 5928 West Cermak Road, Cicero, Ill. From August 1955 to June 1957 I was a waitress at Sramek's Restaurant located at 6144 Cermak Road, Cicero, Ill. During the year 1956, while employed at Sramek's Restaurant, I joined Local 450, Hotel and Restaurant Employees and Bartenders Union. I recall vividly the circumstances surrounding my joining the union. During the early part of 1956 officials of local 450 approached Mr. Ed Sramek,

owner of the restaurant. Mr. Sramek refused to put the waitresses in the union. Failing in this initial effort, 2 officials of local 450, Mr. Dan Leonardi, head of local 450, and Mr. Henry Mack, a business agent of local 450, met on 3 occasions with a number of the waitresses who were employed at Sramek's.

"During the two meetings which I attended I recall Mr. Leonardi at the outset of each meeting made it very clear that if we did not join the union a picket line would be placed in front of the establishment. Mr. Leonardi emphasized the fact that if we wanted to keep our jobs and keep the employer out of difficulty, we would have to join the union. I remember Mr. Leonardi saying that the stairs just outside of the restaurant were steep and accidents could happen. The girls did not want to join the union but we finally joined in order to prevent trouble to ourselves and to our employer."

I have read the foregoing statement, and to the best of my knowledge, it is true and correct.

(Signed) Bernice Brown.
BERNICE BROWN.

Witnesses:

(Signed) GERALD G. GOTSCH.
(Signed) ETHEL APPEL.

Sworn and subscribed to before me this 24th day of April 1958.

(Signed) ETHEL APPEL,
Notary Public.

My commission expires November 12, 1960.

Mr. KENNEDY. Here is an affidavit on another matter, Mr. Chairman, dealing with Mr. Leonardi's organizing activities.

The CHAIRMAN. This is an affidavit from James Kirie.

It is dated the 24th day of June 1958. It states, in substance, as follows, and this affidavit will also be printed in the record in full at this point:

Approximately 2 years ago—I believe it was in the fall of 1956—Dan Leonardi, an official of Suburban Local 450, Cicero, Ill., came into my restaurant. He told me he had received complaints that my restaurant, Kirie's, located at 2826 Thatcher Avenue, River Grove, Ill., was not a union house. He demanded to know why we were not union. He asked me to talk my help into joining the union. At first Mr. Leonardi said he wanted to unionize the whole restaurant. He then said that he would settle for the waitresses. I asked him what scale the union paid on waitresses. He told me the union scale was 62 cents per hour. At the time I was paying my waitresses 65 cents per hour. I asked him what other benefits the union offered, and he said health and welfare benefits. At the time, Kirie's had a plan with the Washington National Insurance Co. covering all of our employees.

I presented the union benefits to my waitresses and told them they could vote for or against joining the union. In a secret ballot they voted against unionization. When I apprised Mr. Leonardi of this fact, he told me to "line up the employees and tell them they're in the union. You deduct the dues from their wages. If any of them object, fire them and we will furnish you help." This I refused to do.

Did you make that statement to Mr. Kirie?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you believe that anybody would do that; undertake to organize in that fashion and threaten people with bodily harm? Do you believe that he can believe in the freedom and the personal human liberty that this country provides, under its laws and Constitution, for its citizens? Do you believe he can conscientiously believe in that and do these things?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. And he states further :

This I refused to do. Mr. Leonardi made about 2 or 3 visits to my establishment to talk to me about unionization. He never spoke to any of the employees. He told me that he did not want to talk to them. On his last visit, he said to me : "Will you put your people into the union?"

When I again refused, Mr. Leonardi said to me : "You're too goddam good to your help. Is that your last word?" I have never heard from him again in regard to this matter.

Did you say it ?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you feel that an employer paying a little higher wages than your union scale is too good to his employees? Do you honestly feel that way ?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. This affidavit I just read will be printed in full in the record.

(The affidavit is as follows :)

I, James Kirie, 2826 Thatcher Avenue, River Grove, Ill., freely and voluntarily make the following statement to and at the request of James P. Kelly, who has identified himself to me as member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field :

Approximately 2 years ago, I believe it was in the fall of 1956, Dan Leonardi, an official of suburban local 450, Cicero, Ill., came into my restaurant. He told me he had received complaints that my restaurant, Kirie's, located at 2826 Thatcher Avenue, River Grove, Ill., was not a union house. He demanded to know why we were not union.

He asked me to talk my help into joining the union. At first, Mr. Leonardi said he wanted to unionize the whole restaurant. He then said that he would settle for the waitresses. I asked him what scale the union paid on waitresses. He told me the union scale was 62 cents per hour. At the time, I was paying my waitresses 65 cents per hour. I asked him what other benefits the union offered, and he said health and welfare benefits. At the time, Kirie's had a plan with the Washington National Insurance Co. covering all our employees. I presented the union benefits to my waitresses and told them they could vote for or against joining the union. In a secret ballot, they voted against unionization.

When I apprised Mr. Leonardi of this fact, he told me to "line up the employees and tell them they're in the union. You deduct the dues from their wages. If any of them object, fire them and we will furnish you help." This, I refused to do.

Mr. Leonardi made about 2 or 3 visits to my establishment to talk to me about unionization. He never spoke to any of the employees. He told me that he did not want to talk to them. On his last visit he said to me, "Will you put your people into the union?" When I again refused, Mr. Leonardi said to me, "You're too goddam good to your help. Is that your last word?" I have never heard from him again in regard to this matter.

I have read the foregoing statement, and it is true and correct, to the best of my knowledge.

Witness :

JAMES C. KIRIE.

JAMES P. KELLY.

Sworn to before me this 24th day of June 1958.

[SEAL]

ROSALIND SPRINGER,
Notary Public.

My commission expires July 16, 1960.

The CHAIRMAN. Will you read the pertinent parts of this affidavit to the witness and interrogate him about it?

Senator CHURCH. This is an affidavit from Laddie Vola, who resides at 1940 Sunnyside, Westchester, Ill. The pertinent parts of the affidavit are as follows:

Since August 1944, I have owned and managed the Old Prague Restaurant, located at 5928 West Cermak Road, Cicero, Ill.

In the year 1952, a union official from the Hotel, Club, Restaurant Employees and Bartenders Union, Suburban Local 450, who identified himself as a Mr. Frankel, came in to see me and said he wanted to organize my restaurant. At the time, I had approximately 50 employees, who were nonunion.

When the union official approached me I suggested that he talk to the employees, and, if they wanted to join, it was fine with me. The business agent objected to this procedure, and demanded that I make a deal which put into the union a certain number of my employees. When I refused to go along with this arrangement, he threatened me with a picket line. He said: "There are ways to bring you in line."

I finally agreed on partial unionization of my restaurant, which put 16 of my employees in the union.

After I agreed to this arrangement, I discussed the problem with the waitresses, and they advised me they were not interested in joining the union. Some of them said they would quit if they had to pay dues. In order to resolve this problem, I agreed to pay the union dues on the waitresses myself.

The dues on the waitresses, which I have paid over the years, have been written off at the end of each year as a business expense.

In the latter part of 1955 or early 1956, Dan Leonardi, an official of local 450—that would be you, would it not, Mr. Leonardi?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator CHURCH. Continuing, then, with the affidavit:

In the latter part of 1955 or early 1956, Dan Leonardi, an official of local 450, came into my restaurant and tried to pressure me into putting two additional employees in the union. On this same visit, he also insisted that I start making health-and-welfare payments on my unionized employees.

Are these statements correct, Mr. Leonardi?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator CHURCH. The affidavit continues:

At this particular meeting, which my wife attended, Mr. Leonardi spoke in a very belligerent tone, and said if I did not agree to his demands something could happen.

What did you mean when you said "something could happen," Mr. Leonardi; did you say it and, if so, what did you mean by it?

Mr. LEONARDI. Senator Church, under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator CHURCH. The affidavit then continues:

After this meeting, I called Mr. Donald Kiesau, executive vice president of the Chicago Restaurant Association, of which I am a member. He told me to come in and visit him, which I did. Mr. Kiesau told me, "I don't think you can fight them alone. The only thing you can do is to hold them off as long as possible and then make the best deal possible with them. You don't want to have happen to you what happened out on the South Side, do you?" He was referring to the Nantucket Restaurant strike, which was the scene of many acts of violence, such as the breaking of windows in a number of automobiles and the slashing of tires.

Do you have personal knowledge of the Nantucket Restaurant strike that is referred to in this affidavit?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator CHURCH. The affidavit finishes with this final statement:

Shortly after my visit to Mr. Kiesau's office, Mr. Leonardi paid me another visit, at which time I signed a contract incorporating health-and-welfare payments on my unionized employees, and for this concession Leonardi forgot about his demand that I unionize two additional employees.

Is that statement correct, Mr. Leonardi?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

(The affidavit is as follows:)

I, Laddie Vala, who reside at 1940 Sunnyside, Westchester, Ill., freely and voluntarily make the following statement to LaVern J. Duffy, who has identified himself to me as a member of the staff of the United States Senate Select Committee on Improper Activities in the Labor or Management Field. No threats, force, or duress has been used to induce me to make this statement, nor have I received any promise of immunity from any consequences which may result from submission of this statement of the aforementioned Senate Select Committee.

Since August 1944, I have owned and managed the Old Prague Restaurant, located at 5928 West Cermak Road, Cicero, Ill.

In the year 1952, a union official from the Hotel, Club, Restaurant Employees and Bartenders Union, Suburban Local 450, who identified himself as a Mr. Frankel, came in to see me and said he wanted to organize my restaurant. At the time, I had approximately 50 employees, who were nonunion.

When the union official approached me, I suggested that he talk to the employees, and, if they wanted to join, it was fine with me. The business agent objected to this procedure, and demanded that I make a deal which would put into the union a certain number of my employees. When I refused to go along with this arrangement, he threatened me with a picket line. He said, "There are ways to bring you in line."

I finally agreed on partial unionization of my restaurant, which put 16 of my employees in the union.

After I agreed to this arrangement, I discussed the problem with the waitresses, and they advised me they were not interested in joining the union. Some of them said they would quit if they had to pay dues. In order to resolve this problem, I agreed to pay the union dues on the waitresses myself.

The dues on the waitresses, which I have paid over the years, have been written off at the end of each year as a business expense.

In the latter part of 1955 or early 1956, Dan Leonardi, an official of local 450, came into my restaurant and tried to pressure me into putting two additional employees in the union. On this same visit, he also insisted that I start making health-and-welfare payments on my unionized employees. At this particular meeting, which my wife attended, Mr. Leonardi spoke in a very belligerent tone, and said if I did not agree to his demands something could happen.

After this meeting, I called Mr. Donald Kiesau, executive vice president of the Chicago Restaurant Association, of which I am a member. He told me to come in and visit him, which I did. Mr. Kiesau told me, "I don't think you can fight them alone. The only thing you can do is to hold them off as long as possible and then make the best deal possible with them. You don't want to have happen to you what happened out on the South Side, do you?" He was referring to the Nantucket Restaurant strike, which was the scene of many acts of violence, such as the breaking of windows in a number of automobiles and the slashing of tires.

Shortly after my visit to Mr. Kiesau's office, Mr. Leonardi paid me another visit, at which time I signed a contract incorporating health-and-welfare payments on my unionized employees, and for this concession Leonardi forgot about his demand that I unionize two additional employees.

I have read the foregoing statement, and, to the best of my knowledge, it is true and correct.

LADDIE VALA.

Witnesses:

MINORA M. RACKY.

LAVERN J. DUFFY.

Sworn and subscribed to before me this 29th day of May 1958.

[SEAL]

ETHEL APPEL, *Notary Public*.

My commission expires November 12, 1960.

Mr. KENNEDY. We had testimony the first day of the hearings regarding the background of this local, and the fact that Mr. Claude Maddox was involved in its direction at the beginning; also, that Mr. Aiuppa was involved in the operation of the local. Could you tell us if you know Claude Maddox?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Now, could you tell us if you know Joey Aiuppa?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Leonardi, you are the most important official in this local at the present time, are you not?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Now, we have had testimony before the committee that a number of deals were made by you whereby an employer would give you, or pay the union, a certain amount of money and there would be no effort to organize the employees in the restaurant or there would be no effort afterward to find out what the wages and hours and conditions of the employees were. Did you follow that procedure?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And the only interest that you had was in the direction of money; there wasn't any interest at all in the welfare of the employees; is that right, Mr. Leonardi?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And that this union, this particular local, 450, is just a shakedown which operates just in order to collect money, so that you people can collect your salary and expenses; is that right?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Unlike a majority of unions, a vast majority of unions, you operate just in order to feather your own nest and the nest of some of those who work with you; is that right?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And you told this procedure of just going in and collecting amounts of money, in Richards' Restaurant, and Class Restaurant, and Homestead Restaurant, and Kirie's Restaurant, and the Old Prague Restaurant; is that right? Those are five instances.

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us what other arrangements you have of this kind?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Do you think this is proper activity for a union official to go out and collect money with the promise that there will not be any unionization of the employees?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that the reason you operate like this is because of the fact that there is a gangster and hoodlum control of this local?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Otherwise, can you explain in any other terms the relationship of Joey Aiuppa and Claude Maddox with this local?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And can you explain in any way how Joey Aiuppa was able to get the charter for this local?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are you a member of a union now?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Is your union affiliated with the AFL-CIO?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Are you an official in this local 450 or in any other local?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Well, there has been a great deal of evidence here that would clearly indicate, unless you want to refute it, that you are a cheap racketeer, hoodlum, and a muscle man, and an extortionist. There is a lot of evidence before this committee to that effect. Do you want to admit that you are, or deny that you are?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Well, I hope if you are an officer in a union that we will observe the prompt and immediate action and effectiveness of what is called the Ethical Practices Committee. I think that your case should receive its attention before sundown today. I am hopeful that they can listen in on this, and get a picture of some of the crummy things that go on in some unions, and that they will start a little house sweeping, and begin with local 450.

Is there anything further?

Mr. KENNEDY. Just a final question. I don't know if we have it clear in the record. Did you have anything to do with the threats to Beverly Sturdivant prior to her testimony here?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Did you have anybody go make a visit to her in order to threaten her so she wouldn't testify against you here?

Mr. LEONARDI. Under the fifth amendment to the Constitution of the United States, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. The witness will remain under the present subpoena. You will be under recognizance to reappear at such time as the committee may desire to hear further testimony from you. Do you acknowledge that recognizance?

Mr. LEONARDI. Yes, sir.

The CHAIRMAN. Do you acknowledge it, Mr. Counsel?

Mr. OLIVER. I do.

The CHAIRMAN. Upon reasonable notice to either of you, you are expected to appear and give further testimony, and you may stand aside.

Mr. KENNEDY. Mr. Kouba.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KOUBA. I do.

TESTIMONY OF LOUIS KOUBA, ACCOMPANIED BY HIS COUNSEL, EDWARD J. CALLAHAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. KOUBA. My name is Louis Kouba.

The CHAIRMAN. How do you spell it?

Mr. KOUBA. K-o-u-b-a. I live at 4149 West 21st Street, Chicago, Ill.

The CHAIRMAN. What did you say your occupation was?

Mr. KOUBA. My occupation, I am assistant business agent.

The CHAIRMAN. For what union?

Mr. KOUBA. Local 450.

The CHAIRMAN. Thank you, and Mr. Counsel, will you identify yourself for the record?

Mr. CALLAHAN. My name is Edward Callahan, and I practice in Chicago, Ill., at 115 West Adams, and I am admitted to the supreme court of the State of Illinois, and the Supreme Court of the United States.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. How long have you been an assistant business agent?

Mr. KOUBA. Fifteen years, approximately.

Mr. KENNEDY. How long were you with local 450?

Mr. KOUBA. Well, I was with the Bartender's Union prior to that.

Mr. KENNEDY. And you came in as an assistant business agent?

Mr. KOUBA. Yes, sir.

Mr. KENNEDY. Whom were you working under, on whom did you report to?

Mr. KOUBA. Mr. William Kerr.

Mr. KENNEDY. For all of the period of time?

Mr. KOUBA. No; Mr. Kerr resigned in 1953, I believe it was.

Mr. KENNEDY. Up to 1953, you reported to him?

Mr. KOUBA. That is right.

Mr. KENNEDY. And what about after that, and who have you reported to then?

Mr. KOUBA. After that I reported to Henry Mack.

Mr. KENNEDY. What was his position with the local?

Mr. KOUBA. He was senior business agent.

Mr. KENNEDY. How many business agents are there, and assistants?

Mr. KOUBA. Well, 1 senior, and 5 assistant business agents.

Mr. KENNEDY. What is your salary, and expenses?

Mr. KOUBA. My salary is \$100 a week, plus \$32 a week expenses.

Mr. KENNEDY. How many members does local 450 have?

Mr. KOUBA. When?

Mr. KENNEDY. Now, how many members does it have now?

Mr. KOUBA. Now, I would say in the neighborhood of 2,200 or 2,300, and I am not certain about that figure.

Mr. KENNEDY. What dues do they pay?

Mr. KOUBA. Well, they vary. The miscellaneous workers and waitresses pay \$3.50 a month, and the cooks pay \$4 a month, and the bartenders and waiters pay \$4.50 a month.

Mr. KENNEDY. How often do you have meetings, Mr. Kouba, of the local?

Mr. KOUBA. We have meetings every third Monday of each month.

Mr. KENNEDY. Does everybody get notification to come to the meeting?

Mr. KOUBA. No; we notify them quarterly, but in their dues book is a notation notifying them of the meetings every third Monday of the month.

Mr. KENNEDY. But you send out an official notification only to about a quarter of the members of the union?

Mr. KOUBA. No, quarterly.

Mr. KENNEDY. I don't understand.

Mr. KOUBA. All of the members.

Mr. KENNEDY. All of the members receive notice that there is going to be a meeting?

Mr. KOUBA. Every 3 months.

Mr. KENNEDY. Now, who is control of the local at the present time? Who are the officers?

Mr. KOUBA. Well, Louis Mania is secretary-treasurer, and Dan Leonardi is senior business agent.

Mr. KENNEDY. Is Mr. Leonardi the one that has chief responsibility of running the local at the present time?

Mr. KOUBA. Well, I report to Mr. Leonardi.

Mr. KENNEDY. Now, could you tell us what is the procedure that you follow, Mr. Kouba, as far as organizing? Do you ordinarily go to the employer and try to get a percentage of his employees in the union?

Mr. KOUBA. That is right, and I get permission from the employer to talk to his employees.

Mr. KENNEDY. Do you always talk to the employees?

Mr. KOUBA. As a general rule, I do.

Mr. KENNEDY. Well, are there occasions that you do not?

Mr. KOUBA. Well, I most generally do.

Mr. KENNEDY. Well, are there occasions that you do not?

Mr. KOUBA. Well, I can't think of any occasion where I haven't.

Mr. KENNEDY. Do you say you always go to the employees, and determine whether they wish to belong to the union?

Mr. KOUBA. That is right.

Mr. KENNEDY. Then if they indicate that they do not want to belong to the union what steps do you take?

Mr. KOUBA. Well, then I talk to the employer, and I tell them that he has a man or woman who doesn't belong to the union and I would like to have them join the union.

Mr. KENNEDY. Let us consider you have a restaurant with 20 employees, and you go in there, and the employees are not interested in joining a union. What do you do? You then go to the employer?

Mr. KOUBA. I still go to the employer.

Mr. KENNEDY. Do you try to get the employer to pay a certain amount of money?

Mr. KOUBA. No.

Mr. KENNEDY. All right, what do you do? Why do you go to the employer if the employees say they don't want to join?

Mr. KOUBA. I try to get him to get all of the employees together and I talk to them.

Mr. KENNEDY. But the employees have already indicated, these 20 employees have indicated they don't want to join the union. What do you do when you go to the employer?

Mr. KOUBA. Well, I can't remember any case in my territory where that has happened.

Mr. KENNEDY. No case in which the employees have said that?

Mr. KOUBA. No.

Mr. KENNEDY. Have you got a list of the places that you have organized?

Mr. KOUBA. No, I don't have them now.

Mr. KENNEDY. Would you give us some of the places that you have organized lately?

Mr. KOUBA. Well, I cover a territory. Are you familiar with the city of Chicago?

Mr. KENNEDY. No. Can you give us some of the names of restaurants that you have organized, that you have gotten the employees to join?

Mr. KOUBA. I can give you the names of the restaurants, and I wouldn't remember all of the employees at the time.

Mr. KENNEDY. Just the names of some of the restaurants.

Mr. KOUBA. I will start from the beginning of my territory, and I have Gabby Hartnett's Bowling Alleys, and I have Hunt's Goodrich Restaurant, and I have Pfeiffer's Restaurant, and I have Lawler's, and I have the Kenilworth Inn, which incidentally is the house that I tended bar in before I became business agent.

Mr. KENNEDY. Just stop there. In each one of those instances that you have given us, you went to the employees and they indicated a desire to join the union?

Mr. KOUBA. Well, no. When I came in the territory, most of those places had been organized.

Mr. KENNEDY. I am asking you where you go in to an establishment and you say that you go to the employees. Give me some instances where you have gone to the employees and they have indicated a desire to join the union and you haven't gone to the employer.

Mr. KOUBA. I haven't had anybody refuse me.

Mr. KENNEDY. Just give me a couple of instances, or a few instances where you have gone in and organized and haven't had to go to the employer.

Mr. KOUBA. Well, I always contact the employer first, and I get his permission to talk to his employees.

Mr. KENNEDY. Then just give me an instance or give me several instances where you have gone to the employees, and they have indicated a desire to join the union, and the union dues have been paid by them where you have organized.

Mr. KOUBA. The union dues have been paid by whom?

Mr. KENNEDY. By the employee.

Mr. KOUBA. By the employee?

Mr. KENNEDY. By the worker.

Mr. KOUBA. Well, most of my people pay their own dues.

Mr. KENNEDY. Just give me an instance, Mr. Kouba, where you have gone in and actually organized the employees, and the employees have indicated a desire to join the union, and have paid their own dues, either by the checkoff system or some other system, or paid directly to you. Give me one instance or give me several instances where you actually have done that.

Mr. KOUBA. Like I said before, Mr. Kennedy, when I came into the territory, most of the territory was organized.

Mr. KENNEDY. Can you give me any instance—and I am going to get down to one instance—where you ever went into a restaurant and organized the employees and the employees indicated a desire to join the union?

Mr. KOUBA. Yes.

Mr. KENNEDY. And they paid their own dues?

Mr. KOUBA. I have a lot of those.

Mr. KENNEDY. Would you give me an instance where you have gone in and organized it yourself and haven't had to go to the employer?

Mr. KOUBA. I have any number of houses over there where I have gone in and organized the employees.

Mr. KENNEDY. Would you give us some instances of that?

Mr. KOUBA. Well, there is the Morton House.

Mr. KENNEDY. When did you organize that?

Mr. KOUBA. Well, like I say, before that was organized——

Mr. KENNEDY. I am asking you, Mr. Kouba, when you did it.

The CHAIRMAN. You understand, he is asking not those that were organized when you went there, but those that you have organized yourself. Now you understand that?

Mr. KOUBA. You mean a new house; is that right?

The CHAIRMAN. Yes; where you went out and got it organized.

Mr. KOUBA. I am sorry, Senator, I didn't understand the question.

The CHAIRMAN. Go ahead.

Mr. KENNEDY. Would you give me some instances of that?

Mr. KOUBA. Let me think, and I am trying to think of a new house. There was Karuso's Restaurant.

Mr. KENNEDY. How do you spell it?

Mr. KOUBA. K-a-r-u-s-o.

The CHAIRMAN. All right.

Mr. KENNEDY. What procedure did you follow? When did you organize Karuso's?

Mr. KOUBA. I don't rightly remember; that is probably 3 or 4 years ago. But I don't remember exactly. I went in there, and I talked to Mr. Ray Karuso, and I told him I was with the union that represented that area, and I told him I would like to see him be a union house, and Mr. Karuso was quite agreeable.

Mr. KENNEDY. So what happened?

Mr. KOUBA. Well, I found then that about 50 percent of his people had been in the union and you see Mr. Karuso previous to that had a restaurant in Chicago, and he brought some of his employees from Chicago to his new house in our territory. So there was no problem there, however.

The new ones that he had, that did not belong to the union, was very much in accord to belong to the union.

Mr. KENNEDY. And you went and talked to them?

Mr. KOUBA. Yes, I did.

Mr. KENNEDY. What arrangements were made then?

Mr. KOUBA. Well, when I was certain that they were quite agreeable, I gave them applications, and I told them what their initiation fees would be, and signed the applications, and they paid the initiation fee, and that was it.

Mr. KENNEDY. Did they pay the initiation fee and dues themselves?

Mr. KOUBA. Yes, they do.

Mr. KENNEDY. They paid directly to you?

Mr. KOUBA. Yes, they do.

Mr. KENNEDY. Now, is that the procedure you say that you use in most of these cases?

Mr. KOUBA. Yes, I do.

Mr. KENNEDY. Do you always use that procedure?

Mr. KOUBA. Yes, I do.

Mr. KENNEDY. Didn't you organize Allgauer's Restaurant?

Mr. KOUBA. Well, Allgauer's Restaurant was pretty much the same.

Mr. KENNEDY. You tell us what you did there. That is the same as Karuso's?

Mr. KOUBA. Pretty much the same.

Mr. KENNEDY. You followed the same procedure?

Mr. KOUBA. Yes, I did.

Mr. KENNEDY. Now, you explain to us what you did in Allgauer's?

Mr. KOUBA. Well, as you probably know, Mr. Allgauer had a restaurant in Chicago and previous to that the Fireside was owned by Mr. Detrick. So the employees that Mr. Allgauer brought from Chicago and those that he retained that were in the house when he bought the restaurant pretty much comprised the full crew.

Mr. KENNEDY. Didn't you go to Mr. Allgauer and tell him that you wanted a certain percentage of his employees, the names of a certain percentage of his employees, and isn't that the procedure that you follow in all these instances?

Mr. KOUBA. I had most of the employees in Allgauer's Restaurant.

Mr. KENNEDY. What about in the kitchen help? Didn't you go to the Allgauer Restaurant and say you wanted a certain percentage of them?

Mr. KOUBA. Well, I talked to Mr. Allgauer about it, and he said, "Well, let us get started a little bit."

Mr. KENNEDY. Did you ever go to the employees about it?

Mr. KOUBA. Not at that time.

Mr. KENNEDY. Did you go to the employees when you started getting paid, when you got the union initiation fees and dues?

Mr. KOUBA. That was possibly a year later.

Mr. KENNEDY. You said that in every instance, you testified here in every instance you went to the employees first. Now then you give me the example of Karuso's, and then say, "I followed the same procedure as I followed in Allgauer's," and now you just admit that in Allgauer's you went to the employer. You didn't go to the employees in Allgauer's Restaurant?

Mr. KOUBA. That is what I said originally, Mr. Kennedy, and I said that I always got the sanction of the employer.

Mr. KENNEDY. Then you started collecting money from the employer. He was the one that placed these people in the union and you didn't go to the employees?

Mr. KOUBA. I sure talked to the employees.

Mr. KENNEDY. Now, you didn't talk to them until after they were in the union then?

Mr. KOUBA. I talked to the employees when I gave them applications. When I talked to Mr. Allgauer in 1952 about the kitchen, he referred me to Mr. Claassen and asked Mr. Claassen to try to get me some employees out of the kitchen. Mr. Claassen in turn contacted the chef, and he asked the chef to get the employees to sign applications, and I in turn gave the employees the applications, and they filled them out.

Mr. KENNEDY. Why didn't you go, and why were you having management go around and get the applications?

Mr. KOUBA. For the simple reason that Mr. Allgauer asked me not to take up too much of their time. I was talking to the employees on Mr. Allgauer's time.

(At this point, the following members were present: Senators McClellan and Church.)

Mr. KENNEDY. Let me just read the affidavit given Mr. Walter M. Claassen. It appears on page 1786 regarding his conversation with you. He states:

He asked me for the names of about 20 employees who were working in the kitchen at the time. When I asked the reason for this request, he informed me that Mr. Allgauer, my employer, was paying the union dues for approximately this number of employees, and that he, Lou, wanted their names so that he could put them in the union. When I informed him that there might not be 20 employees working in the kitchen at that time, he said "O. K., just give me any old names. The boss pays for it so they should not worry as long as they get the benefits."

Is that statement correct?

Mr. KOUBA. No, sir.

Mr. KENNEDY. It is not? That statement is not correct?

Mr. KOUBA. No, sir.

Mr. KENNEDY. You went around and actually saw the employees, did you?

Mr. KOUBA. Yes, with the chef. The chef called the employees to his desk and I talked to them there.

Mr. KENNEDY. Did you collect money then from the employees?

Mr. KOUBA. No. Mr. Allgauer agreed to a checkoff system on the kitchen.

Mr. KENNEDY. Did the employees give their permission to a check-off system?

Mr. KOUBA. Yes, they had.

Mr. KENNEDY. Do you have those cards giving their permission?

Mr. KOUBA. No, I don't have them.

Mr. KENNEDY. Where are they?

Mr. KOUBA. They are in our office.

Mr. KENNEDY. Would you obtain those cards and bring them to the committee, have them made available to the committee?

Mr. KOUBA. Well, we would have to have them mailed.

Mr. KENNEDY. Did you check and find out what salary these employees were being paid?

Mr. KOUBA. Well, Mr. Allgauer claimed that he always paid over scale.

Mr. KENNEDY. Yes, but you were interested in the employees themselves. Did you ever check and find that out?

Mr. KOUBA. A few of the people that I talked to says that they were getting paid over scale.

Mr. KENNEDY. But, Mr. Kouba, this was your organizing for the purpose of helping and assisting the employees. Did you check and find out whether they were being paid union scale, and whether there was, in fact, a checkoff?

Mr. KOUBA. I would have no way to check, unless the employee told me that he was not.

Mr. KENNEDY. Did you go and have meetings with the employees? Did you set up a shop steward?

Mr. KOUBA. I had a shop steward in there, yes.

Mr. KENNEDY. Did you determine as to whether these people were being paid union scale?

Mr. KOUBA. I don't know whether the shop steward ever asked anybody whether they were getting paid union scale.

Mr. KENNEDY. Mr. Kouba, they weren't being paid union scale and there wasn't any checkoff.

Mr. KOUBA. That I know nothing about.

Mr. KENNEDY. You are the business agent. You went around to organize these people. It is your responsibility. All that happened in this case was that Mr. Allgauer was making payments, and the union contract was not being enforced.

Mr. KOUBA. To my knowledge, I thought Mr. Allgauer was deducting.

Mr. KENNEDY. But your responsibility goes beyond just collecting some money, Mr. Kouba. That is what has happened in this whole local. This is a perfect example of it.

Mr. KOUBA. As I say, then I talked to some of the people and asked if they were getting paid all right, and they said, "Yes," that they were getting paid over scale. So I saw no further reason to question everybody.

Mr. KENNEDY. Mr. Kouba, did you make a determination as to whether these employees continued to be employed there?

Mr. KOUBA. Yes; I did.

Mr. KENNEDY. And was it up to date—the list?

Mr. KOUBA. Well, it was up to date as far as I was concerned.

Mr. KENNEDY. Mr. Kouba, that, once again, was not up to date.

Mr. KOUBA. I always asked the chef whether we had——

Mr. KENNEDY. Mr. Kouba, at the time our investigation was made, 11 out of 20 were not working there, and some of them had been gone since 1956. You were just collecting money, that is all. You had no interest in the employees. Eleven out of twenty weren't working there.

Mr. KOUBA. I had no way of knowing, myself, like I say. I would always contact the chef.

Mr. KENNEDY. What is the advantage for the employees if you don't get union scale for them, and you didn't find that out, and they weren't being paid union scale, and the employer was paying money on employees that were not even working there and you didn't check that?

Mr. KOUBA. I can only take the employees' word for that. They said that they were getting paid over the scale.

Mr. KENNEDY. That wouldn't take very much. If you were having a meeting of that particular shop, you could go around and find out who was attending.

Eleven out of twenty do not even work there and you have them on your rolls.

Mr. Claassen said all you wanted was 20 names and payment on that.

Mr. KOUBA. Well, that isn't so. I never said that.

Mr. KENNEDY. Well, these are the facts.

The CHAIRMAN. That is exactly what you did, isn't it? You didn't check to see that the people were working there. You had no interest to know whether they were working, what salary they were getting, or anything else, did you?

Can you mention one thing you did in the interest of those workers?

Mr. KOUBA. I checked periodically whether they were still there.

The CHAIRMAN. That they were still there?

Mr. KOUBA. Yes.

The CHAIRMAN. They were gone for quite a long time and you did not even know it?

Mr. KOUBA. I did not know it; no.

Mr. KENNEDY. Just on that, and this is just an instance of how this has operated, in 1952 you went in there originally; is that right?

Mr. KOUBA. Yes.

Mr. KENNEDY. And you got a certain number of employees at that time.

Mr. KOUBA. That is right.

Mr. KENNEDY. Then you came back in 1956?

Mr. KOUBA. That is right.

Mr. KENNEDY. To get the additional employees. When did you give the employees that you put in in 1952 their black books, membership books?

Mr. KOUBA. Well, I imagine immediately.

Mr. KENNEDY. No books were furnished until—you imagine immediately? Do you swear under oath that you gave them to them immediately?

Mr. KOUBA. I can't give you the exact date, Mr. Kennedy. But it takes a little while to process those applications.

Mr. KENNEDY. Does it take 4 years?

Mr. KOUBA. No, it doesn't.

Mr. KENNEDY. That is when they got their books, in 1956.

Mr. KOUBA. Well, I know they got books right after they were organized in 1952.

Mr. KENNEDY. Well, Mr. Claasen, who was employed there, said that he received the books in 1956. What happened to all this money during the period 1952 to 1956? Your books are destroyed for that period of time.

Mr. KOUBA. The moneys that I collect, the checks that I collect, I always turn in to the office.

Mr. KENNEDY. Why didn't you give the people their membership books until 1956?

Why weren't they listed in the union until 1956?

Mr. KOUBA. Mr. Claasen must be confused, because I know I gave them books in 1952.

Mr. KENNEDY. Mr. Duffy, what do the application cards of these employees show as to the date?

Mr. DUFFY. In examining the application cards for these 20 employees which Mr. Allgauer had been paying on—exactly 20; not 21, not 22, but 20 employees—from 1952 to the present time, we checked the names of those employees on the records of local 450. We found that all those employees had been initiated into the union for the first time, and it is written right on the cards to see, in 1956—not 1952; 1956. How do you explain that?

Mr. KOUBA. That I am not able to answer.

Mr. DUFFY. Well, that is what the facts are. I examined those records myself.

Mr. KOUBA. I know when I collect money, I make a report and turn the money into the office.

Mr. DUFFY. That further supports Mr. Claasen's statement that these books were not actually given to the employees until 1956.

Mr. KOUBA. I know that I gave them books right after they were organized in 1952.

Mr. DUFFY. Why, on the application cards, do they not show 1952? Why shouldn't they show 1952 on those application cards if they were initiated in 1952?

Mr. KOUBA. They were probably replacements by them.

Mr. DUFFY. We checked some of those employees. They were there since 1952, up to the present time. They were not initiated into the local until 1956.

Mr. KOUBA. Well, I can't answer that. They must have been replacements.

The CHAIRMAN. We cannot conclude with this witness this morning, because this chamber has been made available to someone else for the noon hour. We have to vacate a little early today.

The committee will now recess until 2 o'clock this afternoon, at which time you will return to the witness stand, Mr. Kouba.

(Whereupon, at 11:45 a. m., the hearing was recessed, to reconvene at 2 p. m. of the same day, with the following members present: Senators McClellan and Church.)

AFTERNOON SESSION

(At the reconvening of the committee, the following members were present: Senators McClellan and Church.)

The CHAIRMAN. The committee will come to order.

Call the next witness.

Mr. KENNEDY. Mr. Kouba.

TESTIMONY OF LOUIS KOUBA—Resumed

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. We were talking about the Allgauer Restaurant, Mr. Kouba. You went in in 1956, and you received the 20 names of the employees?

Mr. KOUBA. I received some replacements.

Mr. KENNEDY. Well, you received 20 names; did you not?

Mr. KOUBA. No, I did not receive 20. I received 20 in 1952. Then in 1956, or intermittently, I would get new replacements.

Mr. KENNEDY. In 1956 you specifically came in and got 20 names; did you not?

Mr. KOUBA. No, I did not get 20 then.

Mr. KENNEDY. Once again, the sworn testimony of Mr. Claasen is that you turned over 20 names to him at that time. Your testimony is conflicting directly with the testimony of other witnesses, Mr. Kouba.

Mr. Claasen testified that you came in and got 20 names. The books and records of the local union show that 20 names appeared at that time. They all appear on the same date. Mr. Claasen testified that he then received the books immediately afterward.

Mr. KOUBA. Then it must have been 20 replacements.

Mr. KENNEDY. Twenty replacements. All at one time you got 20 replacements?

Mr. KOUBA. Well, if that is what Mr. Claasen said. I still maintain that I got replacements intermittently.

Mr. KENNEDY. How come there were 20 replacements all at one time?

The testimony that we have had, and which is a theme that has run through this hearing, is that the union was only interested in receiving the money. And, further, that the wishes or desires of the em-

ployees, the welfare of the employees, were ignored. In this case the testimony is that Mr. Allgauer started paying back in 1952, and it was not until 1956 that any names were taken.

Mr. KOUBA. Well, I know that there was books issued when I got the first moneys from Mr. Allgauer.

Mr. KENNEDY. Then if there were books issued, why were there 20 books issued in 1956?

Mr. KOUBA. That I can't answer.

Mr. KENNEDY. That is the key to it, Mr. Kouba.

Mr. KOUBA. That I don't know.

Mr. KENNEDY. That is the key. Of course, that supports the review of Mr. Duffy's testimony on what the books and records of your local union shows, and it supports the testimony of Mr. Claasen in this case.

Mr. KOUBA. If there is any mistake, it must lie with the office, not with me.

Mr. KENNEDY. That is No. 1 point. The second point we discussed this morning is the fact that when we made our investigation, 11 of the 20 individuals weren't working there, and that is in 1958.

Mr. KOUBA. Well, as I told you this morning, I would check with the chef.

Mr. KENNEDY. Who was the chef that you checked with?

Mr. KOUBA. His name was Max. I don't recall his name now.

Mr. KENNEDY. We interviewed the chef. Mr. Gotsch interviewed the chef. His name is Max Ludke.

Mr. KOUBA. That may be.

Mr. KENNEDY. Tell us what conversations you had with Mr. Ludke.

Mr. KOUBA. Well, I would go to Max, the chef, and I would ask him if he had any new members or if there was any that had left, I would like to talk to him and get replacements for those that had left.

Mr. KENNEDY. Why did you have to go to him? If you had the names on a list, the union had the names, why would you have to go to the chef? Why didn't you just go to the new employees?

Mr. KOUBA. Mr. Kennedy, I have possibly 600 people in my territory. I certainly can't remember all their names.

Mr. KENNEDY. You have a list of names.

Mr. KOUBA. Yes.

Mr. KENNEDY. If there is any interest in the employees, that is our point, if you were interested in other than just simply collecting money, why didn't you just go to the employees and find out if they wanted to belong to the union?

Mr. KOUBA. I did. I told you that this morning.

Mr. KENNEDY. You said you went to the chef and found out from him; you asked him if there was any replacements of names.

Mr. KOUBA. Well, the chef was the one that could enlighten me on that, let me know if there was any people that had left, or if there was any new one.

Mr. KENNEDY. What did he tell you?

Mr. KOUBA. Then he would probably say, "I have 2 new ones, or 3 new ones"; and I would ask him to call them to his office and talk to them and give them applications and they would fill them out and that was it.

Mr. KENNEDY. Mr. Gotsch, did you interview Max Ludke?

Mr. GOTSCH. Yes.

Mr. KENNEDY. Did you ask him who was in the union?

Mr. GOTSCH. Mr. Kennedy, I attempted to find out if he could tell me the employees there that were union or nonunion, and he said he could only vouch for himself, that he was in the union.

Mr. KENNEDY. He didn't know anything about others?

Mr. GOTSCH. He could not give me any information on the other employees.

Mr. KENNEDY. O. K.

The CHAIRMAN. He is supposed to be the steward up there for you?

Mr. KOUBA. Well, not exactly the steward.

The CHAIRMAN. Well, what was he exactly? This whole thing is a rambling nothing.

Mr. KOUBA. He was the man that was referred to me by Mr. Claasen.

The CHAIRMAN. As what?

Mr. KOUBA. Mr. Claasen said that he would take care of——

The CHAIRMAN. Did the chef keep the books on who works and who doesn't?

Mr. KOUBA. No; but he has a list of his employees.

The CHAIRMAN. He would have a list of the employees?

Mr. KOUBA. Yes; the chef would.

The CHAIRMAN. Did he have a list of those who were union members and those that were not?

Mr. KOUBA. I don't know whether he had a list of those that were not, but I know he had a list of those that were.

The CHAIRMAN. Well, if he had a list of all that were, it was easy to tell who was not. Wouldn't it be?

Mr. KOUBA. Yes; he could.

Mr. KENNEDY. Why was it always just 20 employees? Why didn't it vary, depending on who was working and how many were working there?

Mr. KOUBA. Well, as you know, them employees are floaters.

Mr. KENNEDY. Yes?

Mr. KOUBA. They don't stay too long.

Mr. KENNEDY. Yes?

Mr. KOUBA. Mr. Allgauer says that at the peak of his business, he probably has more than 20, but we would take 20 that were more or less steady.

Mr. KENNEDY. They weren't very steady if they weren't even working there in 1956. You have only nine that are working there.

Mr. KOUBA. Well, that I don't know, Mr. Kennedy.

Mr. KENNEDY. Mr. Kouba, you are the one that has the responsibility. You are the union official. What benefit was this? What benefit was going to accrue to any of these employees for this? You didn't find out if they were paying union scale.

You admit that.

Mr. KOUBA. I talked to the people, and they said they were getting paid over the union scale.

Mr. KENNEDY. The books and records show they were not.

The CHAIRMAN. You say they were getting over union scale; is that right?

Mr. KOUBA. That is what they told me.

The CHAIRMAN. You knew that when they joined, didn't you?

Mr. KOUBA. No; I didn't know when they joined.

The CHAIRMAN. When did you find it out?

Mr. KOUBA. After they were in the union. I wanted to make sure they were getting the union scale.

The CHAIRMAN. You never talked to those that actually got into the union, yourself; did you?

Mr. KOUBA. Yes; I did.

The CHAIRMAN. Name one.

Mr. KOUBA. Max Egloff.

The CHAIRMAN. What did he do?

Mr. KOUBA. He was a pantryman.

The CHAIRMAN. A pantryman?

Mr. KOUBA. Yes.

The CHAIRMAN. How much wages did he get?

Mr. KOUBA. I think it was \$84.50.

The CHAIRMAN. \$87.50 a week?

Mr. KOUBA. That is right.

The CHAIRMAN. What is your union scale?

Mr. KOUBA. That is about it.

The CHAIRMAN. Well, it is about. Is it, or is it not?

Mr. KOUBA. \$85.

The CHAIRMAN. What?

Mr. KOUBA. \$85.

The CHAIRMAN. \$85.

So that was over union scale?

Mr. KOUBA. That is right.

The CHAIRMAN. What other one did you check into?

Mr. KOUBA. Albert Anderson.

The CHAIRMAN. Albert Anderson?

Mr. KOUBA. Anderson.

The CHAIRMAN. What was Albert doing?

Mr. KOUBA. He was a fry cook.

The CHAIRMAN. A fry cook?

Mr. KOUBA. A fry cook.

The CHAIRMAN. What did he get?

Mr. KOUBA. \$95 a week.

The CHAIRMAN. When did you check with him?

Mr. KOUBA. I don't know, possibly 6 months ago.

The CHAIRMAN. Two or three months ago?

Mr. KOUBA. Six months ago.

The CHAIRMAN. How long had he been in the union?

Mr. KOUBA. Well, I can't say for sure.

The CHAIRMAN. Well, is he a new one or is he a replacement or is he one of the originals?

Mr. KOUBA. I am not certain. Like I said, Senator—

The CHAIRMAN. How long has he been working there?

Mr. KOUBA. I don't know. Maybe 2 or 3 years.

The CHAIRMAN. How long have you been collecting dues from him?

Do you know anything at all?

Mr. KOUBA. Yes, I do.

The CHAIRMAN. Well, what?

Mr. KOUBA. I know I have been collecting dues, but I can't tell you exactly how long I have been collecting dues from the man. I don't have that information.

Mr. KENNEDY. Albert Anderson left the employ of Allgauer's Restaurant in September 1957, and they were paying dues on him in 1958. He was not even employed there.

Mr. KOUBA. Well, that I don't know. Like I say, I always depended on Max, the chef, to give me replacements.

The CHAIRMAN. The truth about it was that you were just running a racket-infested union, wasn't it? That is all you were interested in, going out and shaking down these folks and getting a few dollars for yourself.

That is the truth about it, isn't it?

Mr. KOUBA. Senator Kennedy—

The CHAIRMAN. I am not Senator Kennedy. I am Senator McClellan.

Mr. KOUBA. We have paid out a death benefit for these 20 people in the sum of \$1,375.

The CHAIRMAN. How much did you have left? You named one you paid out death benefits to.

Mr. KOUBA. Williams.

The CHAIRMAN. To a fellow named Williams.

Mr. KENNEDY. He is dead.

The CHAIRMAN. Did you do anything for anybody while they were living?

Mr. KOUBA. Yes, we tried to make conditions for them.

The CHAIRMAN. Tried to make what?

Mr. KOUBA. We tried to create conditions for them, decent working conditions.

The CHAIRMAN. Conditions for them? All the witnesses who testified here from top to bottom said you never asked about conditions, working hours, wages, or anything.

Now you are saying all this testimony is not true?

Mr. KOUBA. I don't know anything about any of these witnesses that testified here, I am merely speaking of the houses that I contacted, and the houses that I work in. If it was not for the fact that we had a union, these people would probably be working for 55 or 60 cents an hour.

The CHAIRMAN. When you got there the two you mentioned were working for more than union wages. I don't know how you can argue that.

Mr. KOUBA. That is because when there is a certain wage scale set and the man is probably a better man than the average run of man, the proprietor gives him a raise. But if there wasn't a basic scale—

The CHAIRMAN. You apparently don't know whether they did or did not. You never looked into it. You don't know whether they got a raise by joining the union or not, do you?

Mr. KOUBA. I testified this morning that the people said they were getting over scale after they were in the union.

The CHAIRMAN. That was when they joined.

Mr. KOUBA. No, I talked to them after they joined.

Mr. KENNEDY. I would like to also point out we checked on Mr. Max Egloff. How much did you say he was making? He was a fry cook.

The CHAIRMAN. The fry cook was \$95 a week, he said.

Mr. KOUBA. That was Anderson.

Mr. KENNEDY. How much was Egloff?

Mr. KOUBA. \$87.50.

Mr. KENNEDY. He is making \$145 a week. He is the banquet chef. He is not the fry cook at all.

Mr. KOUBA. Chances are the man got promoted. I don't know that.

Mr. KENNEDY. What about at the Homestead Restaurant? How did you organize the Homestead Restaurant? Did you work on that?

Mr. KOUBA. No, that is not in my territory.

Mr. KENNEDY. Did you work on that?

Mr. KOUBA. I don't remember rightly whether I did or not.

Mr. KENNEDY. You don't remember that one at all?

Mr. KOUBA. It is not in my territory.

Mr. KENNEDY. Do you know Mr. Ricketts?

Mr. KOUBA. I know of him, yes.

Mr. KENNEDY. Did you talk to him and meet with him about that matter?

Mr. KOUBA. I don't remember.

Mr. KENNEDY. How do you know Mr. Ricketts of the Homestead Restaurant?

Mr. KOUBA. Well, I have been in there.

Mr. KENNEDY. Well, have you tried to organize it?

Mr. KOUBA. It was organized when I was in there.

Mr. KENNEDY. Did you take any steps to organize it yourself?

Mr. KOUBA. I don't remember, Mr. Kennedy.

Mr. KENNEDY. Do you deny that you did?

Mr. KOUBA. No, I wouldn't deny it and I may have been in there.

Mr. KENNEDY. Did you collect the dues in there?

Mr. KOUBA. Give me a little time to think. I am trying to think back. I think that I did collect them there for about 1 year.

Mr. KENNEDY. Why, if it was outside your jurisdiction did you collect the dues?

Mr. KOUBA. I was transferred to that territory for 1 year, and I believe that was in 1954 or somewhere along in there.

Mr. KENNEDY. Didn't you go to Mr. Ricketts and tell him you wanted a certain percentage of his people in there?

Mr. KOUBA. I had all of the people in the dining room.

Mr. KENNEDY. Let me read you his testimony, Mr. Kouba.

QUESTION. In 1952 or 1953, were you approached by union representatives?

Mr. RICKETTS. Yes, I was.

QUESTION. By whom?

Mr. RICKETTS. The business agent of union 450.

QUESTION. That is Mr. Kouba?

Mr. RICKETTS. That is right.

QUESTION. He was business agent?

Mr. RICKETTS. That is right.

QUESTION. What had he requested you to do at that time?

Mr. RICKETTS. Well, from 1948 to 1952 we increased some of the girls, the waitresses, and the waitresses, the ones that were out in the country there, were union, and we had a few dishwashers. So all he asked them was to have some of the dishwashers sign up. So I agreed to pay their union dues.

QUESTION. Did the dishwashers themselves indicate that they wanted to join the union?

Mr. RICKETTS. No.

QUESTION. He just wanted you to put a number of people in the union?

Mr. RICKETTS. That is right. The dishwashers would not——

This was a procedure that you followed generally, Mr. Kouba?

Mr. KOUBA. Mr. Kennedy, I testified this morning that I don't use those tactics.

Mr. KENNEDY. Will you explain that one then? We have heard your lack of explanation in the Allgauer's Restaurant situation, and explain what you did on this one, then?

Mr. KOUBA. I can't explain it because I don't remember it.

Mr. KENNEDY. You were collecting dues there, and these employees weren't working there either, and this is another situation where money was just being paid for no employees?

Mr. KOUBA. That I don't know anything about, and if I collected any moneys in there the money went into the office.

Mr. KENNEDY. Well, the employees weren't working there, and the union might have gotten the money that you collected, but there weren't any employees being covered by it. All these employers were doing was paying a sum of money every 2 months, and nobody was interested in the wages and hours and working conditions of the employees, including yourself, Mr. Kouba?

Mr. KOUBA. Yes, I am interested in the wages and hours and conditions.

Mr. KENNEDY. Did you put employers in the union?

Mr. KOUBA. Sometimes, yes.

Mr. KENNEDY. What is the union going to do for employers?

Mr. KOUBA. Well, I have several employers that belong to the union.

Mr. KENNEDY. What does the union do for them? How can you improve their wages, hours, and conditions if they own the restaurant?

Mr. KOUBA. I have several men that say, "If it is good enough for my help, it is good enough for me and I am proud to be a member of the union."

Mr. KENNEDY. Well, now——

Mr. KOUBA. I can get sworn affidavits on that.

The CHAIRMAN. When you bargain with them, how do you handle that? You are representing both sides when you do that; aren't you?

Mr. KOUBA. They don't have any voice in the union.

The CHAIRMAN. They don't have any voice?

Mr. KOUBA. No.

The CHAIRMAN. I don't think any of them have any voice the way you operate, either side. Here you have a man and you take him in the union, and then you are supposed to bargain with him and him with himself regarding the employees?

How does that add up?

Mr. KOUBA. Some of the fellows want to get in the union for the death benefit.

The CHAIRMAN. They want to get there to keep from being run out of business, that is what they testified to over and over and over again. There was no other reason that they do it?

Mr. KOUBA. Nobody in my territory has testified to that.

Mr. KENNEDY. We had Mr. Allgauer, and we had Mr. Ricketts, that is two.

The CHAIRMAN. You were collecting from both of them.

Mr. KENNEDY. And you spoke this morning about Dahl's Morton House. Isn't Mr. Dahl a member of the union?

Mr. KOUBA. That is right.

Mr. KENNEDY. He is one?

Mr. KOUBA. Yes, sir.

Mr. KENNEDY. And you are collecting dues on him?

Mr. KOUBA. Yes, sir.

Mr. KENNEDY. What can you possibly do for Mr. Dahl?

Mr. KOUBA. And Mr. Dahl just recently has collected around \$1,200 from the health and welfare fund.

Mr. KENNEDY. Why should he be doing that? He is an employer.

Mr. KOUBA. He just likes to be with his help.

Mr. KENNEDY. He can be with his help all day long.

Mr. KOUBA. He says if it is good enough for his help, it is good enough for him, and he wants to be a part of the game.

Mr. KENNEDY. The game?

What about the Howard Johnson's restaurants? We have had a lot of testimony on that. Were you out there?

Mr. KOUBA. Yes; I was there.

Mr. KENNEDY. Did you do some work on that in that case?

Mr. KOUBA. Yes; I was just kind of an overseer, to see that none of our pickets got hurt or anything.

Mr. KENNEDY. That wasn't who was getting hurt. It was the employer?

Mr. KOUBA. Oh, yes; they were.

Mr. KENNEDY. They were getting hurt, too?

Mr. KOUBA. Yes; they were.

Mr. KENNEDY. Who was hurting them?

Before I get into that, how many of the actual employees went out on strike at Howard Johnson's restaurant?

Mr. KOUBA. I am not able to answer it.

Mr. KENNEDY. These are the key questions on this, and there weren't any employees actually out on strike.

Mr. KOUBA. I didn't handle the strike, Mr. Kennedy.

Mr. KENNEDY. You were out there seeing that the pickets weren't being hurt, and did you find out if any of the people at the Howard Johnson's restaurant actually wanted to go out on strike?

Mr. KOUBA. That I don't know, and I didn't negotiate there.

Mr. KENNEDY. Who handled the negotiations there?

Mr. KOUBA. It was Mr. Kerr.

Mr. KENNEDY. You weren't a part of it?

Mr. KOUBA. I was part of it as far as being on the picket line.

Mr. KENNEDY. Well, did you find any employee from the Howard Johnson's restaurant that actually went out on the picket line himself?

Mr. KOUBA. That I don't know.

Mr. KENNEDY. Would you answer the question. Did you find anybody that actually was working at Howard Johnson's restaurant?

Mr. KOUBA. I didn't know whether there was any employees on the line that belonged there.

Mr. KENNEDY. You don't know of any employee that was out there?

Mr. KOUBA. No; I don't.

Mr. KENNEDY. How was the strike settled? Did they pay a certain amount of money?

Mr. KOUBA. That I don't know either.

Mr. KENNEDY. You don't know about the \$2,240 that was paid?

Mr. KOUBA. No; I don't.

Mr. KENNEDY. Who handled that part?

Mr. KOUBA. Mr. Kerr.

Mr. KENNEDY. Did you ever have anything to do with it after that?

Mr. KOUBA. No; I didn't.

Mr. KENNEDY. None whatsoever?

Mr. KOUBA. No, sir.

Mr. KENNEDY. Did you ever find out whether the employees actually wanted to joint the union?

Mr. KOUBA. No; I never talked to any employees over there, and I wasn't handling that case.

Mr. KENNEDY. Wasn't that in your jurisdiction?

Mr. KOUBA. Yes; it was.

Mr. KENNEDY. But you didn't handle it?

Mr. KOUBA. No.

Mr. KENNEDY. Mr. Kerr handled it all?

Mr. KOUBA. Yes, sir.

Mr. KENNEDY. And you didn't make any inquiry to find out whether any of the employees were paying their dues or were interested in joining the union?

Mr. KOUBA. Like I said before, I wasn't handling it, and so I would have no interest in it.

Mr. KENNEDY. No; you spoke about the pickets being hurt. Would you tell us about that?

Mr. KOUBA. Yes. People would drive out of there, customers, and I don't know whether they were customers or employees, and they would spit at the pickets and they would throw ice-cream cones with ice cream in them right in their faces and things like that.

Mr. KENNEDY. What about the sugar put in the gas tanks of the employees?

Mr. KOUBA. I know nothing about that.

The CHAIRMAN. Did you try to find out anything about it?

Mr. KOUBA. It was none of my business.

The CHAIRMAN. It was all right as long as they were doing harm the other way, but if they threw an ice-cream cone at somebody, or spit at them, that was awful. You weren't interested in that?

Mr. KOUBA. I don't know that that happened.

The CHAIRMAN. You don't know what happened?

Mr. KOUBA. That they threw sugar into any cars.

The CHAIRMAN. Did you hear about it?

Mr. KOUBA. I heard about it after it was testified to.

The CHAIRMAN. Did you do anything about it after you heard about it?

Mr. KOUBA. No; it was none of my concern.

The CHAIRMAN. You didn't care about that. It was part of your tactics.

Mr. KENNEDY. Are you familiar with the Catering Industry Employee magazine, the paper?

Mr. KOUBA. You mean the monthly magazine?

Mr. KENNEDY. Yes.

Mr. KOUBA. I know there is a magazine, and I get it at home, but I don't get too much time to read it.

Mr. KENNEDY. That is put out by the union?

Mr. KOUBA. Yes; it is.

Mr. KENNEDY. It discusses the Howard Johnson strike, and it says:

An outstanding feature of the strike was the lively militant pickets plus the wonderful cooperation of the various teamster unions who collaborated 100 percent with us from start to finish. Mass picket lines were at their peak during the supper hours and had a telling effect in turning away prospective customers.

This was a picket line under your direction?

Mr. KOUBA. Not under my direction.

Mr. KENNEDY. You were out there working?

Mr. KOUBA. I was out there working, yes, sir.

Mr. KENNEDY. Were you successful in keeping the customers away with the mass picket line?

Mr. KOUBA. No; we weren't.

Mr. KENNEDY. This is not correct, then?

Mr. KOUBA. That I don't know, and I didn't print that.

Mr. KENNEDY. Let me show it to you.

The CHAIRMAN. I read this paragraph and then I will show it to you and let you read it.

An outstanding feature of the strike was the lively militant pickets plus the wonderful cooperation of the various Teamsters Unions who collaborated 100 percent with us from start to finish. Mass picket lines were at their peak during the supperhours and had a telling effect in turning away prospective customers.

Now, you were there, and can you tell us about that? You can check that article I have read, and can you tell us if that is an accurate reporting of what occurred?

(A document was handed to the witness.)

The CHAIRMAN. What do you say about it?

Mr. KOUBA. I read it.

The CHAIRMAN. You were there, and is that an accurate reporting of what occurred?

Mr. KOUBA. I don't know about the mass picketing.

The CHAIRMAN. You would know it if you were there.

Mr. KOUBA. There were 4 entrances there, and we had 2 pickets at each entrance.

The CHAIRMAN. Is that all?

Mr. KOUBA. If that is mass picketing, that is what it is.

The CHAIRMAN. Is that what you call "mass picketing"?

Mr. KOUBA. I didn't call it that.

The CHAIRMAN. All right, then this is inaccurate, if it says "mass picketing," and you wouldn't call two at each entrance mass picketing, would you?

Mr. KOUBA. No; I wouldn't.

The CHAIRMAN. I wouldn't either, and that is inaccurate if you only had two there; isn't that correct?

Mr. KOUBA. Well, I mean everybody to his own opinion. Some people might think it is mass picketing and others don't. I don't think it is mass picketing.

The CHAIRMAN. You are testifying you only had two pickets at each entrance?

Mr. KOUBA. That is right; at each driveway.

The CHAIRMAN. I don't know, if anybody thinks 2 at 1 place is mass picketing, I wonder what other kind of picketing there could be.

Mr. KOUBA. Well, two at each driveway, would you call that mass picketing?

The CHAIRMAN. I wouldn't, and that is exactly what I am talking about.

Mr. KOUBA. I wouldn't call it mass picketing either.

The CHAIRMAN. I think picketing of two is certainly not a "mass."

Mr. KOUBA. Everybody is entitled to his own opinion.

The CHAIRMAN. I am just pointing out, that is inaccurate reporting then.

Mr. KOUBA. If they took it as mass picketing, to them it must be mass picketing, but to me it isn't.

Mr. KENNEDY. This was written by Mr. Kerr; was it not?

Mr. KOUBA. I don't know.

The CHAIRMAN. Was Mr. Kerr in charge of it?

Mr. KOUBA. Of the magazine; no, sir.

The CHAIRMAN. In charge of the picketing?

Mr. KOUBA. Yes; he was in charge of the strike.

Mr. KENNEDY. It doesn't say, Mr. Chairman, but when we first interviewed him he told us he wrote the article.

The CHAIRMAN. Mr. Kerr stated he wrote it.

Mr. KENNEDY. That is all.

Senator CHURCH. Mr. Kouba, in connection with the employees in the local of which you are assistant manager, do you ever negotiate with the restaurant owners to enforce provisions of the contract and to gain higher wages and working conditions for employees in your local?

Mr. KOUBA. We do that when we get a new contract.

Senator CHURCH. Did you ever do it at Allgauer's?

Mr. KOUBA. I tried to enforce it; yes, sir.

Senator CHURCH. Well, you have testified that at the time that you made this 20-man arrangement at Allgauer's, such inquiry as you made with the employees indicated to you that they were satisfied with their wages; is that correct?

Mr. KOUBA. That is right.

Senator CHURCH. And that you later ascertained that in several cases the wages were in fact above union scale; is that correct?

Mr. KOUBA. Yes, sir.

Senator CHURCH. Did any of these complain to you at the time that you were making this arrangement as to their dissatisfaction with working conditions at Allgauer's?

Mr. KOUBA. Well, there was only one, and they complained about not having a decent place to eat.

Senator CHURCH. At Allgauer's?

Mr. KOUBA. It is the employees I am talking about.

Senator CHURCH. Did you get that straightened out?

Mr. KOUBA. Yes; I did. They finally set up a table, and we got that straightened out.

Senator CHURCH. Aside from the complaint about a decent place to eat—

Mr. KOUBA. That is the employees.

Senator CHURCH. They were generally satisfied with the wages and conditions there?

Mr. KOUBA. Yes; they were.

Senator CHURCH. Why did you think that they ought to be in the union? What benefit did they get from being in the union other than this one person that you say got a death benefit at one time?

Mr. KOUBA. They were all covered by the health and welfare.

Senator CHURCH. Of these 20?

Mr. KOUBA. Yes.

Senator CHURCH. But you paid so little attention to the names that were submitted that at one time the majority of the 20 didn't even work for the restaurant.

Mr. KOUBA. That I don't know.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

(At this point, the following members were present: Senators McClellan and Church.)

Mr. KENNEDY. Mr. Louis Madia.

Mr. CALLAHAN. Mr. Kennedy, do you want me to make that statement at this time?

Mr. KENNEDY. No. Why don't you wait until afterward?

Mr. CALLAHAN. All right.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MADIA. I do.

TESTIMONY OF LOUIS MADIA, ACCOMPANIED BY COUNSEL, JOHN GANNON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. MADIA. My name is Louis G. Madia, and I reside at 2844 North Harding, in the city of Chicago. I am a citizen of the United States of America. I am secretary-treasurer of local 450.

The CHAIRMAN. Thank you very much.

You have counsel present?

Mr. MADIA. Yes; I have.

The CHAIRMAN. Mr. Counsel, identify yourself for the record, please.

Mr. GANNON. My name is John Gannon. I am an attorney at law in the State of Illinois, with an office at 209 South La Salle Street in the city of Chicago.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How long have you been secretary of local 450?

Mr. MADIA. Under the Constitution of the United States of America I claim the privilege under the fifth amendment, because my answer might tend to incriminate me.

The CHAIRMAN. The longer you worked or served as a secretary-treasurer, the more likely would be the incrimination? Is that correct?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privilege under the fifth amendment, because my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Well, Mr. Chairman, the chief interest with have with Mr. Madia is not only his important position with the local, but the investigation that we are making of gangster and hoodlum control of the local. We have had testimony that this is a union that was controlled and operated by Claude Maddox, and that Claude Maddox had an important role in setting up and having it function for the last 15 years.

Mr. Madia has an important position in the local: secretary-treasurer. What we would like to find out from him is what he knows about the connection between the union officials, including himself, with certain of the underworld of Chicago.

I would like to know, Mr. Madia, if you know Mr. Tony Accardo.

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it a fact that you are an associate of Tony Accardo?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. Isn't it correct that on or at the July 4 party in 1955, you attended Tony Accardo's lawn party at his home?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee why you, a union official, an important union official of a very important international, would be going to Tony Accardo's lawn party?

(The witness conferred with his counsel.)

Mr. KENNEDY. He is secretary-treasurer of a local, Mr. Chairman, but it is an important union in the United States. He is of an international union.

Mr. MADIA. What was the question?

Mr. KENNEDY. Could you tell the committee why you, a union official, would be attending a party at a notorious hoodlum residence like Tony Accardo's?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. In addition to you being there, isn't it correct that Joey Glimco of local 777 was present, of the Teamsters Union?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. And Mr. Glimco has been arrested some 36 times.

Also Joey Aiuppa, who played a role in the formation of your local union, he was also present at that July 4 party, isn't that correct?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. And Joey Aiuppa is an important hoodlum in Chicago. Isn't it correct that also present at that party was Claude Maddox?

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. Do you know Claude Maddox?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

The CHAIRMAN. You have a privilege under the Constitution, if you care to exercise it, to give testimony here that might be helpful to the committee. Are you willing to exercise that privilege?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

Mr. KENNEDY. According to the testimony we have had before this committee, this union was controlled by Claude Maddox. Could you tell us anything about that?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Also present at the party was Paul "The Waiter" Ricca, Joey Ceasar, Sam "Golfbag" Hunt, and Jack Guzik; did you see them all at this July 4 lawn party that you attended, Mr. Madia?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Then on January 23, 1955, when Claude Maddox's daughter was married, there was a wedding reception and you attended the wedding reception; did you not?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us the role that these various gangsters and hoodlums play in the operation of local 450?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. It is just a source of income for them, is it not, particularly Mr. Claude Maddox? Then you individuals that work under him are just receiving your regular salaries, and the union is used merely as a shakedown operation?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. And then the local makes its deal with the organizations, such as the Chicago Restaurant Association, which employs

people such as Abraham Teitelbaum and Anthony Champagne. Is that right?

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us why there should be this group of people with criminal records and criminal associations on both sides, on the side of the Chicago Restaurant Association and on the side of the union?

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Those are the key questions, Mr. Chairman.

The CHAIRMAN. Maybe I misunderstood the witness.

Did you not voluntarily state right in the beginning of your testimony that you are an American citizen?

(The witness conferred with his counsel.)

Mr. MADIA. Yes; I did.

The CHAIRMAN. You stated that voluntarily. Were you born in this country?

Mr. MADIA. Yes, I was.

The CHAIRMAN. Where were you born?

Mr. MADIA. In Chicago.

The CHAIRMAN. When?

Mr. MADIA. November 16.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you have to ask your lawyer how old you are?

Mr. MADIA. 1906.

The CHAIRMAN. 1906?

Mr. MADIA. Yes, sir.

The CHAIRMAN. What schools did you attend?

(The witness conferred with his counsel.)

The CHAIRMAN. Come on. Certainly there are a few decent things in your life you can talk about.

(The witness conferred with his counsel.)

Mr. MADIA. Well, I went to the Jones School and I graduated there.

The CHAIRMAN. Is that a high school?

Mr. MADIA. Well, I had about 2 or 3 years; 3 years.

The CHAIRMAN. Three years of high school?

Mr. MADIA. Yes, sir.

The CHAIRMAN. And then what did you next do, after you got out of school?

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

The CHAIRMAN. Do you mean up to the minute you got out of school you got into something that you can't talk about?

Let's have order, please.

(The witness conferred with his counsel.)

Mr. MADIA. Well, there is one thing that I can talk about, my honorable discharge from the United States Navy. I had 2 years in the Navy.

The CHAIRMAN. Well, that is splendid. Now, then, do you still think enough of your country to serve it?

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

The CHAIRMAN. Obviously, you were in the service; you said you got an honorable discharge. That was something decent you can talk about. When I asked you if you are still willing to serve your country, you take the fifth amendment. When did you sour on your country?

(The witness conferred with his counsel.)

Mr. MADIA. I never did.

The CHAIRMAN. All right. You are not sour on it. Come along now and help us out a little. Give us some information. It might enable your Congress to legislate so as to clean up some of this corruption that is going on. Tell us what you have been doing to help unionism.

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment because my answer might tend to incriminate me.

The CHAIRMAN. You can't tell us what you have done to help. Tell us what you have done to hurt.

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Senator CHURCH. Mr. Chairman?

The CHAIRMAN. Senator Church.

Senator CHURCH. Mr. Chairman. I would like to say to Mr. Madia that I don't think any member of this committee gets any pleasure or satisfaction out of bringing any person to this committee and asking him a series of questions that are damning in nature, and listening to him invoke the fifth amendment of the Constitution in the glare of the floodlights and the television cameras.

But the fifth amendment of the Constitution of the United States was originally made a part of the Constitution in order to protect free citizens against an arbitrary government, and every citizen of the United States has a right to invoke the fifth amendment in order that no government can force him to be a witness against himself, in those cases where he honestly believes that an answer to the questions propounded might render him liable to criminal prosecution, or put him otherwise in jeopardy.

Now this committee has launched upon legitimate public business. It is public business when racketeers and gangsters infiltrate into legitimate unionism. It is public business when they use the guise of unions to operate vicious shakedown rackets. We have had many witnesses come here, waitresses, employees of various kinds, many employers and restaurant owners who have testified that these are the things that are happening in Chicago.

That is the public's business to know.

Many serious charges and indictments have been made against your particular union, Mr. Madia, and those of you who head it up. The only purpose that this committee has in bringing you here is to give

you an opportunity to deny those charges and to set the record straight if in truth and fact these charges are not so.

That is why these questions have been put to you. That is why we have brought you here. In choosing to invoke the fifth amendment, you may be within your rights—you have your attorney to advise on that—but clearly you fail to seize hold of an opportunity to set the record straight, and you must leave this committee in a position where it must assume that the testimony we have heard and the charges that have been made are true, for they do not stand denied.

The CHAIRMAN. Are there any further questions?

If not, the witness will remain under the present subpoena, subject to being recalled.

If you will acknowledge that recognizance, you may go until such time as you are notified to reappear, with reasonable notice being given.

Mr. MADIA. Yes.

Mr. GANNON. Senator, I will undertake to discharge that obligation, if you see fit to ask for him.

Mr. KENNEDY. Could I ask, Mr. Madia, if you have resigned your position as secretary-treasurer?

Mr. GANNON. You can ask him, Mr. Kennedy.

Mr. MADIA. No, I have not.

Mr. KENNEDY. Do you intend to?

Mr. MADIA. Shall I pull this thing out again?

The CHAIRMAN. Yes, pull it out.

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

Mr. KENNEDY. Do you think that in view of your lack of answers to questions here you deserve to be a union official?

(The witness conferred with his counsel.)

Mr. MADIA. I must respectfully decline to answer. I claim my constitutional privileges under the fifth amendment, because my answer might tend to incriminate me.

The CHAIRMAN. Is your union, the international union, of which you are an official in one of its locals, a member of the AFL-CIO?

Mr. MADIA. I think it is, Senator.

The CHAIRMAN. Sir?

Mr. MADIA. I think it is.

The CHAIRMAN. Wouldn't you know?

Mr. MADIA. It is.

The CHAIRMAN. It is. Well, the Chair will say again what he said this morning. I hope they are listening in and will give the attention to your case that it deserves before sundown tonight. I don't think anyone who takes your position deserves to have authority over hard-working people in this country who have to earn their living by the sweat of their brow.

I trust the mechanism and power of the ethical practices committee will be again invoked and appropriate action taken.

All right. You may stand aside.

Mr. KENNEDY. I might say in connection with that, Mr. Chairman—

Mr. GANNON. Thank you, Senator.

Mr. KENNEDY. We have found the procedures followed by the labor unions are far quicker than those followed by any other groups, including the bar associations. The labor organizations have often moved against officials who have taken the fifth amendment and who are found to be dishonest.

The CHAIRMAN. I am not taking the matter up with the bar association or any others, but where we have people like some of these witnesses who have been before us, who take the fifth amendment on everything you ask them, and who are not cooperative at all, and where you have the character of proof against them with respect to their conduct that we have developed here under oath repeatedly, I just think, if there is any agency in their organization that has the power to eradicate them from that organization and take away from them such authority and power as they have as officials, that it ought to be invoked.

I cannot conceive of working people being under the domination of union leaders such as these, who conspire with and enter into collusion with management, where management participates in it, simply as a shakedown, and require them to pay dues simply for no purpose other than to enrich, possibly, those who are in a position to shake them down.

I see nothing out of this where the union worker got any particular benefit. Occasionally if one of them dies, somebody may have gotten enough to bury them. But aside from that I have not seen anything here to indicate any real legitimate unionism, interested in and trying to serve to the welfare of the people who work and from whom they extract their dues.

Is there anything further?

Senator CHURCH. I would only like to add, Mr. Chairman, that in this Chicago investigation, it seems to me that there is an especially good opportunity for the international unions involved and the CIO and A. F. of L. federation to take corrective action as they have often taken corrective action as these disclosures have been made in months past.

Here we have had the case of a few locals that are clearly under the dominance and control not of the people who are interested in legitimate unionism, but of people who are interested in operating a very lucrative shakedown racket for their own financial benefit. I am hopeful that in a case of this kind, proper action on the part of the international unions having jurisdiction over these locals will help to clean up this problem in Chicago.

As you know, Mr. Chairman, the investigations of this committee have been broad and have indicated that there are many different fronts on which the fight against improper practices in the field of management and labor has to be waged. One front is in the Congress, one front is in the separate communities where local law enforcement officers have been alerted by an outraged public opinion, and one front is within the international unions themselves.

I want to say, as Mr. Kennedy said, that I think it is very gratifying that the great AFL-CIO federation has taken such vigorous action in other like cases to clean out these locals that need to be placed under proper management.

I hope that in this case we will see action of that nature take place.

The CHAIRMAN. The Chair meant to say, and I am glad Mr. Kennedy reminded me of the fact, that I received—or what he said reminded me of the fact—I received a letter this morning as chairman of the committee from the American Bar Association, in which it indicated it was quite interested in pursuing some developments that have occurred here before this committee with respect to the attitude and testimony that had been given regarding certain practices of attorneys.

I can assure them that this committee will cooperate by making available to the American Bar Association any information we have that we think would be of value to it in cleaning house wherever a house needs cleaning.

We had another witness to appear this afternoon, Mr. James Blakeley.

Mr. CALLAHAN. Mr. Chairman, my name is Edward J. Callahan, Jr. I had brought Mr. Blakeley here this morning at 9 a. m. to submit himself to the executive session.

Mr. KENNEDY. You mean the staff interview?

Mr. CALLAHAN. Yes, that is correct. At that time, he was prepared, and I state to this committee that he will testify. However, at noon he complained of certain pains and that he was not feeling well. So I asked him immediately to go back to his hotel. I called the house physician who came and examined him. He has been given sedatives. The house physician will return this afternoon and make further determinations. I want to assure his wife, if she is listening to this program, or this television in Chicago, that he is not critically ill. I represent, however, to this committee, that he is desirous of testifying and will do so when requested. I say this subject to his present condition. It was his intention to testify and to offer into the record a statement, a copy of which has been previously furnished to the committee counsel, Mr. Kennedy.

It is a 74-page document, accompanied by exhibits, which I have here. It is entitled "Statement by the Greater Chicago Area Joint Executive Board and Affiliated Local Unions of the Hotel and Restaurant Employees and Bartenders International Union A. F. of L.-CIO, to the Chairman and Members of the Select Committee on Improper Activities in the Labor or Management Field of the United States Senate."

I would like very respectfully to offer eight copies of this statement, plus the exhibits, into the record at this time, for the committee's consideration.

The CHAIRMAN. Let the Chair understand. What is the statement? It is a statement that has been prepared and presented by whom?

Mr. CALLAHAN. It was to be presented by Mr. Blakeley on behalf of the joint executive board of these unions which you have been looking into, and others in the Chicago area, complete with statistical data and matters which may be of interest to this committee, and it is certainly germane to the inquiry here.

The CHAIRMAN. The statement may be submitted to the committee for its inspection under the rules of the committee. It will not go into the record at this time. When Mr. Blakeley is able to come and testify, if he desires to read the statement—

Mr. CALLAHAN. It wasn't our intention to read it into the record.

The CHAIRMAN. You said to put it into the record. We will accept it, gladly accept it, whatever you wish to present. But I could not put it into the record at this time unless it was sworn to.

I am sure Mr. Blakeley later will testify and at that time he can read it. In the meantime, we have a rule that if he is going to read a prepared statement, he would have to present it 24 hours in advance. So if you wish to leave it, you may file your copies with the committee, and they will remain on file until such time as Mr. Blakeley can be able to testify.

Mr. CALLAHAN. Thank you, sir.

The CHAIRMAN. That will be all right.

While counsel assures the committee that he is confident that though Mr. Blakeley is not able to testify this afternoon, I think it would be well for you to give us a report on his situation in the morning.

Mr. CALLAHAN. I certainly will.

The CHAIRMAN. We will not convene in the morning as early as we have been. The Chair has to attend another meeting earlier. We hope to be through by noon tomorrow.

The committee will convene in the morning at 10:30 in this room.

(Whereupon, at 3:05 p. m., the hearing was recessed, to reconvene at 10:30 a. m., Friday, July 18, 1958, with the following members present: Senators McClellan and Church.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JULY 18, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10:30 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John J. McGovern, assistant counsel; LaVern J. Duffy, investigator; James P. Kelly, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

(At the convening of the session, the following members were present: Senators McClellan, Curtis, Church, and Mundt.)

The CHAIRMAN. The committee will come to order.

Mr. KENNEDY. Mr. Chairman, the first witness this morning was to be, once again, Mr. Blakeley. He is the international vice president. His attorney is here to make a statement about Mr. Blakeley.

Mr. CALLAHAN. Mr. Chairman, I did not want to make the announcement yesterday that Mr. Blakeley had a heart attack, because of his wife, but she flew here last night and is now with him. We have a heart man here in Washington, and he will prepare a report which will be made a matter of record with this committee. Mr. Blakeley has had a heart condition for a great number of years. That report as to his past condition will also be made a matter of record.

He is presently confined to his bed, and, when possible, will return to Chicago, where he will go into a hospital there.

He will be available to this committee at any time the committee so requires, however.

The CHAIRMAN. I stated yesterday that the chief counsel of the committee had looked into the matter and was fully satisfied that Mr. Blakeley was not able to appear yesterday.

I believe you called me late yesterday afternoon and gave me a report.

Mr. CALLAHAN. I told you the results of the electrocardiogram, yes, sir.

The CHAIRMAN. Of course this committee would never undertake to compel people to appear to testify before us when it might endanger

their life. We will just have to defer hearing Mr. Blakeley until such time as his health improves. The committee will have a continuing interest in him and in his testimony. We trust that you as counsel for him will keep in touch with the staff and keep us advised of the progress he makes toward recovery.

Mr. CALLAHAN. I want to thank you for your consideration, Senator. I will return to Chicago now, but I will have the documents delivered to the committee. Thank you, sir.

Mr. KENNEDY. Mr. Chairman, we also had expected, or wanted to have, Mr. Moony Giancana, from Chicago, who is among the first three in the Chicago area in the underworld, and he has important information he can give to the committee. We have been looking for him for a period of some 3 months. We have been unable to find him. He has left his usual places of operation in Chicago. We have tried to subpoena him at home and have been unable to do so. But we did subpoena his daughter, however, to see whether she could give us any information about the activities of the restaurants in Chicago and the labor unions. His daughter's attorney is here now with a statement to make.

Mr. FITZGERALD. Mr. Chairman and Mr. Counsel——

The CHAIRMAN. Will you identify yourself?

Mr. FITZGERALD. My name is Benedict F. Fitzgerald, Jr., attorney at law.

The CHAIRMAN. May I inquire if a copy of his statement has been submitted?

Mr. KENNEDY. I believe it is a letter; is it?

Mr. FITZGERALD. That is right. I have submitted a motion to quash the subpoena, your honor, together with a copy of the statement furnished by Dr. William F. Parelli, M. D. I represent this little lady. I don't represent her father. I have never had the privilege of meeting her father. But she seems to be pretty ill. I have a statement here which indicates that fact.

The nature of her illness is such that, if Your Honor reads this and refuses this, you will be probably wanting to return this to me and not insert it in the record. That was requested by the doctor. He told me not to let this out of my hands. But I thought I would show it to you anyway. If you want any further interrogation on it——

The CHAIRMAN. I think, if you have a document there that involves possibly confidential or privileged information as between doctor and patient, that it may be submitted to the members of the committee for their inspection, and, if satisfied that it is a document of that nature, or proper propriety dictates it should not be placed in the record, the committee will not place it in the record. But I cannot pass judgment on it until, at least, the committee has seen it.

Mr. FITZGERALD. Yes; surely. I would like to pass it over at this time.

The CHAIRMAN. Do you have extra copies?

Mr. FITZGERALD. No; I don't, Mr. Chairman. I might say that the doctor is available in Chicago, if any of you gentlemen want to have your investigators contact him.

The CHAIRMAN. On the basis of the information contained in this doctor's certificate, the committee will defer the hearing of the witness

named in the statement, unless there is objection. The Chair hears none. The hearing of this witness will be deferred.

Mr. FITZGERALD. Thank you, sir.

The CHAIRMAN. Thank you. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, we have had some testimony in the past regarding some of the wage scales that have been paid in some of these restaurants in Chicago.

We have a compilation of those wage scales paid in restaurants, and the differential between the wage scales that are paid and the ones that are contained in the union's pamphlet or book on what the waitresses, waiters, and so forth, should be paid. I would like to call Mr. Gotsch to have him insert this wage scale in the record so that it would be available to the committee.

TESTIMONY OF GERALD GOTSCH—Resumed

Mr. GOTSCH. Mr. Kennedy, do you want the detail?

Mr. KENNEDY. Mr. Chairman, I don't think it has to be read into the record. It has been referred to during the course of the hearing.

The CHAIRMAN. This is a compilation of the restaurants you have investigated that have been testified to here, where they either join the union or some of them join the union, and where the union wage was not paid, and, by that calculation, where they were paid below union wages, you made a calculation that, on that basis, the restaurant saved so much annually?

Mr. GOTSCH. That is correct, Senator.

The CHAIRMAN. Or the proprietor saved so much annually. This is simply upon that basis of calculation. It does not take into account those instances where there may have been fringe benefits or fringe payments provided, or some benefits provided, that may have offset altogether or, at least, then, in part some of these so-called profits or gains made by that arrangement.

Mr. GOTSCH. That is correct, Senator.

Mr. KENNEDY. We want to point out that some of these restaurants might be paying their waitresses, with the fringe benefits, more than the union scale. But this is based strictly on the union book as to what they should be paid if the union enforced the contract; if the union enforced the contract, this is how much more it would cost the employer to have paid union scale over a period of a year.

The CHAIRMAN. In other words, this tends to emphasize again, as I have pointed out, that, so far as the union being really interested or concerned about the people it forced to join or caused management to force to join or to put into the union any pay dues on, it simply emphasizes that they were not concerned about wages or working conditions, but simply to get the money.

Mr. GOTSCH. That is correct, sir.

Mr. KENNEDY. Some of the restaurants we have discussed are not contained in here; is that correct?

Mr. GOTSCH. Right.

Mr. KENNEDY. And that is where we have found that they are paying union scale or approximately union scale.

Mr. GOTSCH. That is correct. Some are also included that have paid union scale.

The CHAIRMAN. This compilation may be made exhibit No. 36.

(The document referred to was marked "Exhibit No. 36" for reference, and may be found in the files of the select committee.)

Senator MUNDT. So that we can get it in a proper perspective, is this a union scale that is national, or is it a union scale applicable only in Chicago? It is a national union scale averaging out for cities of the size of Chicago?

The CHAIRMAN. It has been testified that was the union scale in Chicago.

Senator MUNDT. No. 2, this being the union scale in Chicago, is it a union scale which has been arrived at by the type of union leaders that we have called before our committee who have taken the fifth amendment and have refused to testify? Or is this a union scale arrived at by some reputable union?

Mr. GOTSCH. It is by the joint local board, Senator.

Senator MUNDT. That does not answer my question. The question is: Is this a union scale arrived at by unions led by the officials who have come here and refused to testify?

Mr. GOTSCH. Yes.

Mr. KENNEDY. Not completely.

Mr. GOTSCH. Not completely. We haven't talked to Mr. Blakeley yet.

Senator MUNDT. Then, speaking for myself alone, Mr. Chairman, I protest against the insertion of this as evidence. I think it is manifestly unfair to any restaurant man to have him alleged to be refusing to pay union wages arrived at by thugs and racketeers who refuse to testify before this committee. To me, I give no credence whatsoever to any so-called union scale arrived at by thieves, thugs, crooks, and racketeers unwilling to testify before this committee even as to whether or not they are a citizen. I don't think we should smear any restaurant or any hotelman or anybody on the basis of the failing to pay tribute to the kind of racket.

Senator CURTIS. Mr. Chairman?

Senator MUNDT. That is my own personal opinion and I wanted that in before the evidence is made public. If the rest of the committee desires to use it, O. K., but I protest against it.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Has any witness appeared and explained the union scale and has defended it?

The CHAIRMAN. I beg your pardon?

Senator CURTIS. Has any witness appeared to explain the union scale, its application, and defended its accuracy?

The CHAIRMAN. Yes. They testified, as I recall, witnesses testified, that this union scale was published and handed out.

Senator CURTIS. That was not my question. Has any witness appeared here, described this union scale, testified as to its application, and defended it as being a scale properly arrived at?

The CHAIRMAN. I don't know how it was arrived at. I can't answer that. It is the one in use, whether arrived at wisely or not.

Senator CURTIS. My recollection is that the only union witnesses that have been here while I have been here have been of the type described by Senator Mundt. It is a group that cannot be relied upon.

They are definitely of the hoodlum type. Every other witness that was asked about this union scale found fault with it, criticized the way it was made up. They criticized the allowance made for gratuities.

Every other witness that was asked about this challenged the thesis that the restaurants had a yearly savings that could be tabulated. My observation, listening to these hearings, is that no one had a saving, by reason of their clash with these outlaws in Chicago. Perhaps it should be tabulated, the damage that they have done. Here we have in union activity, one restaurant owner telling that part of the harassment that he suffered was that they would transport several carloads of derelicts to his restaurant, give them money, and send them inside, and they would go in there and fall asleep and keep out other customers.

How are you going to put a value on that, what that cost him? I join Senator Mundt's protest in a tabulation of what a restaurant owner saves by not making further concessions to racketeers like this. I think it is totally misleading. I do not challenge Mr. Gotsch's mathematics in the thing. I know he followed instructions.

Mr. KENNEDY. My instructions.

Senator CURTIS. Yes. But I think that the way it happens, in the light of all the other testimony, it will be a document that will be quoted by others, completely out of context. Therefore, I join in Senator Mundt's protest.

Senator CHURCH. Mr. Chairman.

The CHAIRMAN. Senator Church.

Senator CHURCH. It seems to me that the revelant inquiry here is not who computed this scale nor their general standards of conduct in handling their particular locals. I think the evidence is replete that these particular locals are handled by people that would not have the approval nor approbation of members of this committee nor of the public generally. But I really do believe that the relevant inquiry is whether or not this particular union scale that exists in Chicago is in line with union scales for comparable work done in cities of comparable size. Much testimony was given that the scale in Chicago, the union scale, for waitresses was 67 cents an hour. That does not seem to me to be a very large or excessive wage. I would like to inquire of our counsel and members of the committee whether or not the union scale in Chicago is in line with union scales existing elsewhere in cities of that size for this kind of work.

I think that is the relevant inquiry as to the validity of the scale that is in question here.

Mr. KENNEDY. Mr. Chairman, I believe that Mr. Duffy of the committee staff has been sworn and can give you an answer to that question.

Mr. DUFFY. Senator Church, we have not made a detailed study on this, but we have been told that the union wage scales in Chicago are lower than in other cities of comparable size, generally.

Senator CHURCH. That the scale we have been talking about here is generally lower than scales prevailing elsewhere for comparable types of work in cities of comparable size; is that correct?

Mr. DUFFY. That is correct.

SENATOR CHURCH. In the light of that, Mr. Chairman, I should think there would be no objection, and certainly I have no objection, to the inclusion in the record of this table.

THE CHAIRMAN. The Chair would make this observation again. I think the force of significance of this document is simply that it shows the union, the union officials, were not in good faith. It is a part of their scheme, it is a part of the fraud that they were perpetrating on these people out there. That is the interpretation that I give to it.

They were not sincere, they were not concerned, whether honest people or crooks or whoever established the scale, they show no concern about it.

SENATOR MUNDT. Mr. Chairman, to explain my point a little further, I commend the chairman on the fact that through these hearings, to the fullest extent possible, we have avoided smearing innocent people or even reciting facts that can be misrepresented by others. I know nothing about these restaurants that are listed here. They may all be running sweatshops, as far as I know, or they may be entirely reputable. But we have perhaps 20 or 30 restaurants which it is proposed now to pillory on the press of the city of Chicago under the heading "Yearly Savings to 27 Restaurants in the Chicago Area Due to Wages Paid Below Union Scale."

I submit that the union scale, so-called, in Chicago, set up by these racketeers, was a scale to exact tribute. It is entirely possible that we are smearing people who refused to knuckle under to some of these racketeers. It is entirely possible that this could be interpreted as a smear for failing to pay a union scale, fictitiously arrived at, with no relationship to the types of services rendered.

Mr. Duffy said we have made no study of comparable union scales in comparable cities, but we have been told it's lower.

Now, if we are going to put this kind of list out, I think the least we could do is to make a complete study of union scales in other cities so that we know that we are on solid ground.

I, for one, reiterate the fact I have no confidence whatsoever, I give no credence whatsoever, to union scales contrived by crooks, to a union scale which it is proposed to apply by men who refuse to testify before this committee whether they are citizens or not, the fakers who take the fifth amendment on every question that is asked. And I want no part of publishing a list which conceivably could be used to smear people because they refuse to knuckle under to or cooperate with that kind of racket in the city of Chicago.

THE CHAIRMAN. Has each one made all the statements he wants to make?

SENATOR CHURCH. Mr. Chairman, I will make this one additional statement. I have to express my disagreement, again, with Senator Mundt. It seems to me that it is not entirely accurate to say that the inclusion of this evidence in the record will be a smear against restaurant owners who have refused to knuckle under to these racketeering locals in Chicago. I think the evidence will bear out that in almost all of these cases, these restaurants have knuckled under in the sense that they have entered into arrangements with these particular locals, whereby they pay on a certain number of employees to these unions and do in this sense pay tribute to these unions. But these very unions are so unconcerned about the employees in these very restaurants that

they don't undertake to enforce the union rate or the union scale that has been established in the union contracts.

The point of this, it seems to me, is quite apart from smearing these restaurants. The point of this is to demonstrate that restaurants that are engaged in paying tribute on a portion or proportion of their employees and getting by, by not paying the union scale that in many cases is set up in the contracts that are not enforced, are actually realizing savings thereby.

Senator CURTIS. Will the distinguished Senator yield for a question?

Senator CHURCH. Yes; I yield.

Senator CURTIS. Isn't it true that the heading of this document does not say anything about the failure of unions to protect the employees? Neither does it say anything about unions' failing to collect their contract. The document I have here puts the stigma on restaurant owners. It says that they save so much on this transaction.

Senator CHURCH. Well, I would say in reply to that, that this is one of many documents that has been entered into the record in the context of hearings that have lasted several days. This is exhibit No. 37. It is being placed in the record within the context of hearings that cover this whole field. I do not think, since it appears as part of a record that brings the whole story to light, that it will be taken out of perspective. In the perspective of the hearings, this merely bears out what the testimony here has indicated, namely that there are a number of restaurants that are paying tribute to locals that are unconcerned about the welfare of the employees, and are not enforcing union scale, and that certain savings are being effected thereby. I think this is a reflection on the locals. I think it also indicates that in some instances, at least, management is also profiting by this arrangement.

Therefore, I think it is pertinent to the inquiry, and when taken into the context of the hearings of the last 2 or 3 days, it is not misleading.

The CHAIRMAN. The Chair will state this, and I hope we can go on, that this is a compilation of testimony that has been given here, and the Chair has simply made it an exhibit. I have not ordered it printed in the record.

It is for whatever information and value it has. I take the position that the primary reflection is upon the union that would go out and compel these folks to join, and many of them did have to join to stay in business, and that this showed very definitely that the union was not concerned. If it had been enforcing its contracts, these folks would have had to pay out that much money.

Is there anything further?

If not, we will move on.

All right, call the next witness.

Mr. KENNEDY. Mr. Chairman, we have been looking for Mr. Joey Aiuppa for a long period of time. We were finally able to locate him. He is here today and I would like to call him as a witness.

The CHAIRMAN. Mr. Aiuppa.

Be sworn, please. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. AIUPPA. I do.

**TESTIMONY OF JOSEPH AIUPPA, ACCOMPANIED BY COUNSEL,
MAURICE WALSH**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. WALSH. Before the testimony begins, may I make a request of the committee?

The CHAIRMAN. When the witness has properly identified himself, the Chair will hear counsel.

Mr. AIUPPA. Joseph Aiuppa, 4 Yorkshire Drive, Elmhurst, Ill.

The CHAIRMAN. What is your business or occupation, Mr. Aiuppa?

Mr. AIUPPA. I decline to answer on the ground that my answer might tend to incriminate me.

The CHAIRMAN. You have counsel present?

Mr. AIUPPA. Yes, sir.

The CHAIRMAN. Do you know your counsel?

Mr. AIUPPA. Yes, sir.

The CHAIRMAN. Counsel, will you identify yourself for the record, please?

Mr. WALSH. My name is Maurice Walsh. I am admitted to practice law in the State of Illinois and several Federal courts.

Senator MUNDT. Mr. Walsh, you failed to give your address.

Mr. WALSH. 105 West Adams Street, Chicago, Ill. In accordance with rule 8 of the rules of procedure of the select committee, which reads:

A witness may request on grounds of distraction, harassment, or physical discomfort, that during his testimony, television, motion picture, and other cameras and lights shall not be directed at him, such request to be ruled upon by the committee members present at the hearings.

Mr. Aiuppa informs me that the television camera and other lights will be distracting to him, will harass him, and will cause him physical discomfort, and I might say that that light is quite uncomfortable to me. But in support of that, I would like to urge the decision of the district court in *The United States v. Kleinman* (107 Federal Supp. 407), where Mr. Kleinman refused before the Kefauver committee, and the district court found that he should not have been compelled to undergo the lights. In additional support, I should like to cite a statute of the State of Illinois, numbered paragraph 57 of chapter 51, Smith-Hurd Illinois Statutes, annotated, which reads:

No witness shall be compelled to testify in any proceeding conducted by a court, commission, administrative agency, or other tribunal in this State if any portion of his testimony is to be broadcast or televised or if motion pictures are to be taken of him while testifying.

I suggest that the only television showing of this proceeding that I am aware of is directed to Chicago, Ill., and in a sense the broadcasting company is evading that statute. That is the extent of our request.

The CHAIRMAN. Mr. Walsh, you do not contend that the Illinois statute controls a Senate investigating committee, do you?

Mr. WALSH. I am merely urging that as persuasive matter, to show what a State legislature has done. That was their judgment of the matter.

The CHAIRMAN. Are you also familiar with the policy that I think has been firmly established by the committee, where witnesses

cooperate with the committee, and if they are in good faith in making the request that we grant it, and if a witness' purpose is only to sit here and take the fifth amendment, the committee has held that we could see no reason why a little light would detract from his being able to repeat that over and over.

Mr. WALSH. Well, I don't know that that calls for any reply from me. I have an opinion on it, but I wouldn't state it unless you suggest that I do.

The CHAIRMAN. I asked if you were familiar with that.

Mr. WALSH. I have heard it announced, yes, sir, by watching television.

The CHAIRMAN. I will ask this witness this question: Is it your intention to cooperate with the committee and give the committee such information as you may have that is pertinent to this inquiry?

Mr. AIUPPA. I decline to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. Senator Mundt?

Senator MUNDT. Mr. Chairman? In view of that, I think that the chairman might well rule, as I am sure he is going to rule, that the lights cannot possibly distract a witness who is going to hide behind the fifth amendment, and in fact they might be helpful to him, because it makes it easier for him to read that monotonous response with the dark glasses he is wearing. We are trying to help the witness, so I suggest we keep the lights on.

(The witness conferred with his counsel.)

The CHAIRMAN. The Chair has in the past ruled each time that there could be no possible serious distraction at least by reason of the lights being on if all the witness is going to do is take the fifth amendment. I will say this: If the witness and his counsel will now agree to fully cooperate with the committee, as the Chair has suggested, by giving information pertinent to this inquiry, information within his knowledge and about which he may be interrogated, if the witness will agree to do that, we will be most happy to grant his request.

Well, let the record show the witness and counsel remain silent. The request is overruled. We will proceed.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Aiuppa, could you tell us what your association or relationship has been with local 450 of the Hotel and Restaurant Workers Union?

Mr. AIUPPA. I decline to answer.

Mr. KENNEDY. Would you give the reasons that you decline to answer when you decline to answer, please?

Mr. AIUPPA. It may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have had some testimony regarding Mr. Aiuppa's connection with local 450.

The CHAIRMAN. Before we proceed further, may I ask the witness: Were you born in the United States?

Mr. AIUPPA. I decline to answer.

The CHAIRMAN. You have counsel. I am not going to take the burden upon myself to instruct you how to answer properly, if you really have in mind to invoke the fifth amendment. So I am going to let your answers stand as you make them. I will ask you the question: Were you born in the United States?

Mr. AIUPPA. I invoke the fifth amendment.

The CHAIRMAN. Are you now a citizen of the United States?

Mr. AIUPPA. I decline to answer.

(The witness conferred with his counsel.)

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to the questions "Were you born in the United States," and "Are you now a citizen of the United States," that a truthful answer to those questions or to either of them might tend to incriminate you?

Mr. AIUPPA. I decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs the witness to answer the question: Do you honestly believe that if you gave a truthful answer to the questions "Were you born in the United States" and "Are you now a citizen of the United States," that a truthful answer might tend to incriminate you?

Mr. WALSH. Mr. Chairman, we have one additional objection that I would like to state, and that is that the question is not pertinent to the inquiry, and we ask for a statement of its pertinency and the connective reasoning.

The CHAIRMAN. The Chair will state its pertinency. We are trying to determine about improper practices in management-labor relations, and to determine how much criminals, underworld characters, have infiltrated into both legitimate labor and management in this country, where management-labor relationships exist. We are trying to determine whether that infiltration is by citizens who owe an obligation to this country or if it is by people in some instances who are not citizens of this country who are taking advantage of their presence here to engage in improper practices and even criminal acts to exploit the American citizen and to prey upon innocent people in this country.

Senator MUNDT. To which you could add, Mr. Chairman, that part of our responsibility is to make suggestions to the Senate, to the Congress, as to how these improper practices may be alleviated. If it develops that they are being engaged in, in the main, by people who are not citizens of the United States, one of the ways to correct the situation is to tighten up the deportation proceedings and to expedite them. So a question is most pertinent and most relative which directs itself to the question of whether or not the man on the witness stand is a citizen of the United States, and, as such, entitled to live here, and regardless of any crimes he may commit. If he is not a citizen of the United States, he is subject to deportation if he is involved in criminal activities. So as an attorney, Mr. Walsh, I am certain you recognize the pinpoint pertinency of these questions.

The CHAIRMAN. The Chair was going to add, Senator Mundt, that the ultimate objective of this investigation, as everyone knows, is, after discovering and exposing or learning where improper practices exist or are engaged in, to recommend to the Congress legislation to correct the evils that we may find to exist. That would include, of course, if we found that people not citizens of this country were over here taking advantage of their presence here to exploit American citizens or to engage in improper activities or criminal acts, that the laws may need to be tightened with respect to deportation, as Senator Mundt stated.

Senator Curtis.

Senator CURTIS. Mr. Chairman, I might add that it is very likely that the Congress and the legislative committees may want to consider the question of whether or not they should, by law, provide that union officers and agents must be citizens. Any information that we can provide in these hearings on that serves a definite legislative purpose, and is very much pertinent to our inquiry, and would in no way incriminate the witness.

His is just a defiance of the committee.

The CHAIRMAN. That is very true, Senator.

Senator Church, have you any comment?

Senator CHURCH. No. I have nothing to add. I do think the inquiry is pertinent and within the jurisdiction of the committee. Therefore, it is a proper question.

The CHAIRMAN. With the approval of the committee, the Chair again directs to the witness the question: Do you honestly believe that if you gave a truthful answer to the question of were you born in the United States and are you now a citizen of the United States, or either of these questions, that a truthful answer thereto might tend to incriminate you?

Mr. AIUPPA. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. The order and direction of the Chair to the witness with respect to these two questions will continue throughout your appearance on the witness stand.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, so that we have a complete understanding of the connection of Mr. Aiuppa with local 450, I would like to call again Mr. Kelly who referred to this briefly in the first day of the hearings, and also to get some background on Mr. Aiuppa.

The CHAIRMAN. Let me ask Mr. Aiuppa 1 or 2 other questions.

Mr. Aiuppa, are you now a member of any labor organization?

Mr. AIUPPA. I refuse to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Have you been a member of a labor union organization at any time in the past?

Mr. AIUPPA. I decline to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Are you now an officer or have you been an officer of a labor organization in the past?

Mr. AIUPPA. I decline to answer.

The CHAIRMAN. Are you a member or have you been a member of any trade or business association?

Mr. AIUPPA. I decline to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Mr. Aiuppa, I ask you the question: Do you honestly believe that if you gave a truthful answer to the question whether you are now a member of any labor organization, or whether you have been a member of any labor organization, whether you are now or have been an officer of any labor organization, whether you are now or have been a member of any business or trade association, that a truthful answer thereto, or to either of these questions, might tend to incriminate you?

Mr. AIUPPA. I decline to answer on the ground that the answer might tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer that question.

Mr. AIUPPA. I decline to answer that question.

The CHAIRMAN. The orders and directions of the Chair will continue to you throughout the remainder of your appearance on the witness stand.

Proceed, Mr. Kennedy.

TESTIMONY OF JAMES P. KELLY

Mr. KENNEDY. Mr. Kelly, you testified on the first day regarding the connection of Mr. Aiuppa with local 450?

Mr. KELLY. That is correct.

Mr. KENNEDY. Would you briefly restate it so we will have it in the right context today?

Mr. KELLY. In June of this year, Mr. Kennedy, I visited the international headquarters in Cincinnati, Ohio, and researched the records on local 450, the Suburban Miscellaneous local in Cicero. My investigation reveals, and it has been entered into the record as exhibit 15, that the application for charter of affiliation for this local lists Joseph Aiuppa as secretary. The charter is dated in August—August 12, 1935.

Mr. KENNEDY. Mr. Aiuppa, could you tell us how you happened to enter the labor movements in 1935?

Mr. AIUPPA. I decline to answer on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us why the union would grant you a charter at that time?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. Isn't it correct, Mr. Kelly, at that time, that Mr. Aiuppa was known as a gunman for the Al Capone mob in Chicago?

Mr. KELLY. Yes, sir, and prior to that he had been known as the supplier of machineguns for the Dillinger-Carper-Barker mob in Chicago.

Mr. KENNEDY. That was at the same time he received a charter for a union?

Mr. KELLY. That is correct.

Mr. KENNEDY. Would you just give us a summary of Mr. Aiuppa's background as far as his criminal activities are concerned?

Mr. KELLY. His record shows, Mr. Kennedy, that as early as 1936 he became a partner in the Taylor Manufacturing Co., in Cicero, Ill., which manufactured gambling supplies, including loaded dice. His partners in this operation were Claude Maddox, also known as John Moore, who was also connected with local 450 in Cicero, and a Robert Ansoni, also known as Robert Taylor. Aiuppa, the witness here, was also a partner of Ansoni and Maddox in the operation of the Paddock Lounge in Cicero. He has recently been listed on the records of the Turf Club, which is the successor to the Paddock Lounge in Cicero, with the same John Moore; his record shows that in 1935 he was arrested and charged with assault to kill. He was turned over to the State's attorney's office and released. Three days later he was

arrested again on general principles. On July 5, 1945, Aiuppa was fined \$50 and costs by a justice of the peace in Willow Springs court on a charge of accepting horserace bets. He and two others were arrested for operating a handbook at the Post Time Tavern, 4824 West Cermak Road, in Cicero. When Matt Capone, brother of Al Capone, was arrested for the slaying of a racetrack character known as James D. Larkum, on April 17, 1945, the body of Larkum was found in an alley in Cicero and it was indicated that he had been shot in Capone's Tavern following a drinking spree at the Paddock Lounge, which was then owned by Aiuppa.

Aiuppa and Ansoni, reported owners of this, were arrested by Highway Patrol Chief McGinnis in connection with this murder and were subsequently charged with misconduct. On March 29, 1951, Aiuppa was cited for contempt for refusing to answer the questions of a subcommittee of the United States Senate. On April 13, 1951, he was turned over to the United States marshal in Cleveland, Ohio. On February 7, 1952, he was found guilty and sentenced to 6 months and a \$1,000 fine. On October 13, 1954, he was again in custody of the United States marshal in Chicago, charged with shipping unregistered gambling devices interstate. In this case, his codefendant was John Edward Moore, known as Claude Maddox. On this particular case, he was sentenced and received a term of 1 year and 1 day in the United States prison at Terre Haute, Ind.

Mr. KENNEDY. Isn't it correct that in the very year he received the charter in 1935, he was known as the contact man for the Dillinger gang in Chicago?

Mr. KELLY. That is correct, Mr. Kennedy.

Mr. KENNEDY. The very year he received the charter for local 450?

Mr. KELLY. That is correct.

Mr. KENNEDY. Is that correct, that you were the Chicago contact for the Dillinger mob in Chicago, in 1935?

Mr. AIUPPA. I decline to answer on the grounds that the answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us how you—

Mr. WALSH. May I further state the objection that under the fifth amendment no person is to be brought to trial or to be compelled to answer for an offense without the presentment of a grand jury. I believe that is what is occurring now.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Could you tell us how it was that you were able to get in both activities during the year 1935, get a union charter and also be the contact for the Dillinger mob?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. On what ground?

Mr. AIUPPA. On the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct also, Mr. Kelly, that Mr. Aiuppa is known as an expert bank robber and was also known as the trigger-man for Claude Maddox?

Mr. KELLY. That was his police reputation, that is right, sir.

Mr. KENNEDY. Are you an expert bank robber?

Mr. AIUPPA. I decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. And also have you been the triggerman for Claude Maddox, also known as John Edward Moore?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. On what grounds?

Mr. AIUPPA. On the grounds it may tend to incriminate me.

Mr. KENNEDY. John Edward Moore was also associated with local 450. Was he not?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. You tell me why?

Mr. AIUPPA. On the grounds it might tend to incriminate me, or lead to incriminate me.

Mr. KENNEDY. And I believe you said that he supplied the machine-guns for the Dillinger mob?

Mr. KELLY. That is correct.

Mr. KENNEDY. And is also known as Joey O'Brien?

Mr. KELLY. He was known as Joey O'Brien, which was an alias assumed when he was a boxer, back in the 1930's. He also squeezed that in.

Mr. KENNEDY. Mr. Aiuppa is the individual that you tried to serve, is that right?

Mr. KELLY. That is correct, Mr. Kennedy.

Mr. KENNEDY. And Mr. Aiuppa is the one that almost hit you in the automobile?

Mr. KELLY. That is correct, sir.

Mr. KENNEDY. Did you do that, Mr. Aiuppa?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. On what ground?

Mr. AIUPPA. On the grounds it might tend to incriminate me.

Mr. KENNEDY. Were you trying to run over Mr. Kelly?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. Why, Mr. Aiuppa?

Mr. AIUPPA. On the ground it might tend to incriminate me.

The CHAIRMAN. If you didn't do it, you couldn't be incriminated, could you?

Mr. WALSH. Is that a question?

The CHAIRMAN. Can you say no, that you did not do it?

Mr. AIUPPA. I decline to answer the question.

The CHAIRMAN. Do you realize that if you said no truthfully, that such a truthful answer would not tend to incriminate you?

Mr. AIUPPA. I decline to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. All right.

Proceed.

Mr. KENNEDY. We also find that Mr. Aiuppa is a close associate of Tony Accardo?

Mr. KELLY. Yes, sir. He was at Accardo's lawn party.

Mr. KENNEDY. In what year?

Mr. KELLY. He has seen there in 1955; he was seen in conversation with such people as Paul "The Waiter" Ricca, and Claude Maddox, or John Edward Moore, Joey Glimco.

Mr. KENNEDY. Joey Glimco is Local 777 of the Teamsters?

Mr. KELLY. That is correct, sir.

Mr. KENNEDY. Are you a friend of Paul "The Waiter" Ricca, too, Mr. Aiuppa?

Mr. AIUPPA. I decline to answer that question.

Mr. KENNEDY. And Mooney Giancana?

Mr. AIUPPA. I decline to answer it on the ground it might tend to incriminate me.

Mr. KENNEDY. And also present was Sam "Golfbag" Hunt?

Mr. KELLY. Without the golfbag.

Mr. AIUPPA. I invoke the fifth amendment.

Mr. KENNEDY. And Joey DeMarco, known as Little Caesar. He has been a witness here. I wondered if you know him.

Mr. AIUPPA. I decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Was he also present at Claude Maddox's daughter's wedding in 1955?

Mr. KELLY. Yes, Mr. Kennedy, on January 23, 1955, Claude Maddox, or John Edward Moore, as he was then known, had a reception at the Club Hollywood, located, I believe, in Chillum Park. There was a private parking area for the guests at this wedding reception. Among the guests was the witness Mr. Aiuppa. There was also John Accardo, brother of Tony Accardo, and prominent in Local 110, the Motion Picture Operators Union. Frank Pantaleo, an associate of Mr. Glimco; Michael DeBiase, who gave an address of 2137 South Cicero Avenue, which is the address of local 450, the suburban local; Joseph Aiello, the operator of the International Hodcarriers Union, in Chicago, and Mr. Raimondi, who is with the Produce Drivers' Union, Local 703, Chicago.

Also Mr. Gaglione was there, who is connected with the Picture Workers Union, Local 18-B, which is also under the influence of Mr. Joey Glimco.

Mr. KENNEDY. At that 1954 party, was Mr. Tampanaro present?

Mr. KELLY. Yes, he was the secretary-treasurer of local 88, of the cooks union, and also a member of an officer of the local joint executive board of the restaurant unions in Chicago, was present at the 1954 party.

Mr. KENNEDY. Could you tell us why all of these union officials have been present at these parties?

Mr. AIUPPA. I decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. And these other individuals that attended, can you tell us what kind of things you discuss at these various gatherings that you attended?

Mr. AIUPPA. I decline to answer on the same ground.

Mr. KENNEDY. What about local 450, do you receive any money from local 450 at the present time?

Mr. AIUPPA. I decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Do you know John Lardino?

Mr. AIUPPA. I decline to answer.

Mr. KENNEDY. On what ground?

Mr. AIUPPA. On the ground that it may tend to incriminate me.

Mr. KENNEDY. He was also present at the party, was he not?

Mr. KELLY. That is correct.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further? Are there any questions?

Senator CURTIS. Who was the hoodlum that you said belonged to a joint council?

Mr. KELLY. I said that Maurice Tampanaro, who was the secretary-treasurer of local 88 of the Cooks and Pastry Cooks Union in Chicago, was present at the 1954 lawn party given by Tony Accardo at 915 North Franklin Street, in River Forest.

Senator CURTIS. And what is the full description of that joint council?

Mr. KELLY. It is known as the local joint executive board of the restaurant unions in Chicago, Hotel and Restaurant, and Bartender's Unions.

Senator CURTIS. Is that the group that formulated the union scale of pay?

Mr. KELLY. The union scale was formulated in the master contract, Senator Curtis, by the local joint executive board.

Senator CURTIS. That is all.

The CHAIRMAN. Is there anything further?

The Chair will give the same instruction to the staff regarding contempt proceedings against this witness that I have heretofore given regarding others who refused to state whether they were citizens of this country, and answer other pertinent questions in that category.

All right, you may stand aside.

Call the next witness.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is that all for today?

Mr. KENNEDY. Yes.

The CHAIRMAN. Since 2 or 3 witnesses whose testimony the committee desires, and since 2 or 3 of them are ill and are not able to attend the hearings at this time, their testimony has been deferred and the committee may desire to interrogate them later. One or two witnesses that we have been searching for, I believe, have not been found as of yet, and when they are served with a subpoena, I am sure the committee will still have an interest in hearing their testimony. But aside from that, we are bringing this particular series or phase of the committee's hearings to a close.

The Chair will make this concluding statement: We now close 2 weeks of hearings on the Chicago restaurant industry. Some 3 weeks ago, this committee embarked on a series of public hearings, the purpose of which was to discover the extent of racketeer infiltration into legitimate labor and management enterprises. As was so graphically demonstrated in that first week's introductory hearing, this is not a local problem. Rather, we are confronted here with a massive national conspiracy, the influence of which reaches and corrupts many phases of the Nation's economic life.

In studying the Chicago restaurant industry we have shown the corroding effect that racketeer influence can exert on one specific element of community business and activity.

At the outset, the point should be made that in some instances neither labor nor management in the restaurant industry in Chicago can point the finger at the other and cry "Shame." The hearings clearly established that a number of local unions in the Chicago area are and were

controlled by gangsters and hoodlums and individuals whose primary interest is not in the welfare of the members but in the use of the union as a source of income. Such unions as local 450 of the Hotel and Restaurant Workers' Union have been the creatures of gangsterism and violence.

The honest and valid concepts of labor unionism have been perverted. Union officials such as John Lardino, Dan Lardino, Frank Trungale, James O'Connor, Louis Madia, and Danny Leonardi are obviously not fit to hold any position as union officials.

The committee also feels that James Blakely, an international vice president of the Hotel and Restaurant Workers' Union and also secretary-treasurer of local 593—the largest local in the Chicago area—has failed to meet his responsibilities as a union official in condoning racketeer infiltration into various locals.

By the same token, the Chicago Restaurant Association saw fit to use men with extensive underworld connections for their own purposes through the employment of such individuals as Abraham Teitelbaum and Anthony Champagne who, in turn, employed people with long criminal records such as Louis Romano and Sam English.

There can be no doubt that such heads of the Chicago Restaurant Association as George Drake and Donald Kiesau were fully aware of the activities of their labor-relations consultants Teitelbaum and Champagne. Their sole interest was in making deals to keep their restaurants from being picketed or unionized.

The shocking fact is that large sums were spent by and in behalf of Chicago restaurants either to avoid improper picketing or to avoid unionization. Much of this money was spent in outright payoffs to unions and union officials. In the making of some of these payments and deals between Chicago restaurants and labor organizations, these restaurants were able to save some large sums annually in wages and working conditions which they would legitimately have had to pay and provide their employees had their union contracts been enforced.

Thus, as is the inevitable outgrowth of racketeer union-management shakedown, it is the working people who, in the end, suffer the greatest loss.

This is a deplorable situation. The employees in the restaurant industry and the decent citizens of Chicago deserve far better conditions.

As is the case in many of the hearings held by this committee, the sordid situation revealed in Chicago cries out for remedial action which is beyond the power of this committee. The committee hopes and trusts that responsible governmental agencies on both the Federal and State level will follow up on the information that has been presented here.

For instance, we have definite information that convinces us that there is a protective society or organization made up of certain gangsters and hoodlums in Chicago to whom restaurant owners must pay a certain tribute regularly. We know of a number of restaurants in the Chicago area that are completely gangster and hoodlum run. At least one of these restaurants at this very time is a center of vice and racketeering in Chicago.

These are matters that we have learned during the course of our investigation but which are not directly within our jurisdiction to explore. This information we will be glad to give and cooperate with

any local agency where we have the assurance it will proceed in good faith and that the firm and necessary steps that need to be taken will be taken to deal with this problem.

The Chicago hearings have again demonstrated a problem which has become apparent to us in previous hearings of this committee—the existence of no man's land between union and employer in certain industries. Many of the small employers in the New York area who are victimized by the Teamster locals headed and controlled by Johnny Dio and Anthony "Tony Ducks" Corallo found themselves unable to take their problems to any State or Federal agency because of the lack of jurisdiction of either Federal or State government over their type of business.

This has again been highlighted by our Chicago restaurant hearing over which the National Labor Relations Board has not exercised jurisdiction and the State labor board will not exert jurisdiction. The labor legislation already passed by the Senate and currently awaiting House action should go a long way toward solving this particular situation as well as numerous other problems in the labor-management field. Both management and union would then have recourse to a duly constituted agency and not be left in a position where they are at the mercy of unscrupulous racketeers.

It would appear that the representatives of the unions as well as the managements in Chicago feel that there are no adequate remedies open to them under State law, and that some State legislation should be enacted also to cover these situations.

As this committee goes forward looking into different industries in different areas, I think it will be shown that what is happening in Chicago is not an isolated incident.

The national scope of the racketeer problem is such that it calls for stern Federal and State action to deal with it. It is not sufficient for this committee merely to expose these activities and conditions. After the original burst of publicity, attention must be given to the constructive work of enacting legislation to deal with these matters that we have brought to public attention.

In this respect, it should be determined whether or not the Federal Bureau of Investigation has been hampered in its efforts to deal with this problem because of a too limited scope of jurisdiction.

Thought should also be given to the possibility of establishing a national crime commission to implement without in any way detracting from the jurisdiction of the FBI to attack this cancerous problem from a Federal level. This is in no way intended to infringe on the rights of the States but the problem of racketeer infiltration and domination of business and labor in my judgment must be attacked on a Federal level to assure the desired solution.

The Federal Government realized this in the enactment of the Lindbergh law to deal with kidnaping. Legislation which would give jurisdiction to the Federal Government to act in cases where racketeer control has achieved an effect over interstate commerce I think should be considered.

I again want to thank Mayor Richard Daley, of Chicago, for the outstanding help and cooperation which he tendered to the committee. Lt. Joseph Morris of the Chicago Police Department was most helpful, and we are very grateful.

I also want to thank the members of our staff who participated in this investigation: LaVern Duffy, James Kelly, Ralph Mills, Gerald Gotsch of the General Accounting Office, and James Mundie of the Treasury Department, and also Miss Ethel Appel of the Labor Department in Chicago, Ill.

Now during the course of these hearings, station WBKB, a television station of Chicago, and also the Chicago Sun-Times have by mutual arrangement broadcast these hearings to the people in the Chicago area.

We are very grateful to them for doing this. They have done it as a public service. Broadcasting has not been sponsored, but it has been done at their own expense simply to give that service and news service to the people of that community to which they are entitled.

It is my regret that hearings such as this cannot be broadcast or televised, live, all over the country. That is not out of any vain idea that the members of the committee like to be seen on television. As counsel pointed out here this morning, counsel for one of the witnesses who didn't testify, I may say, these bright lights are not always comfortable. But it is the bright light of publicity, and, if the American people can see this investigation just as it occurs, they will be better informed of what is happening to our country, and of these elements, how they operate, and the pernicious practices in which they engage, and their parasitic imposition upon the public and upon innocent victims and upon the economy of this country.

This would alert the public and arouse them to the point where they would insist and where we, as legislators, as their representatives here, I think, would be more diligent and concerned and would put forth greater efforts to try to find the solution insofar as legislation can remedy these conditions.

I would be glad for other members of the committee to comment.

Senator MCINT. Mr. Chairman, I would like to associate myself completely with what you have said in your words of appreciation to the businesses responsible for televising and broadcasting and publicizing these hearings as widely as possible. I, too, wish, they could be brought to the attention of the country nationally in live televised hearings so that people everywhere would have the the same opportunity to sit in on these committee hearings as those who live close to Washington.

I would see nothing wrong or inappropriate if such telecasts or broadcasts were sponsored commercially, just as newspapers must be sponsored commercially by the advertising columns. It seems to me, with certain limitations which would eliminate products which would not be suitable to bring to the attention of youngsters in schools, that programs of this type might well be sponsored and made available to students in high schools studying current events and studying national problems.

I also would like to associate myself with the statement made by the chairman and call special attention to one sentence on which I would like to dilate a little bit. The chairman said:

The committee hopes and trusts that responsible Government agencies on both the Federal and State level will follow up on the information which has been presented here.

I join him in that aspiration. I think, included in those Federal agencies, we should place high on the list the Congress of the United States, however, and the citizens of the United States who elect Congressmen. It seems to me both Congress and those responsible for the people who sit in Congress must share the responsibility if no action is forthcoming from hearings of this type.

Unionism in the United States operates in a climate of certain legal cyclone cellars, which may be appropriate when, as, and if unionism is led by responsible and honest and decent American citizens. But these legal cyclone cellars provide a wonderful opportunity for gangsters and hoodlums to masquerade their activities and expand their profits when the unions are led by dishonest or inappropriate leadership.

For example, they have tax-exempt concessions, and they are exempt from certain laws dealing with monopolies and antitrust practices. They are permitted to employ a compulsory wage tax against employees of this country, which they collect from people who work, whether or not the people who work desire to pay this tribute.

They are living in an area where they have more leniency from law-enforcement officials with regard to such activities as violence on picket lines and striking procedures than is available to the ordinary citizen engaging in property destruction or in personal vandalism.

I think the legislation passed by the Senate should be passed by the House before this session adjourns, and that it should be strengthened. I believe it should be strengthened, in the light of these hearings, with regard to the Chicago Restaurant Association. To the Senate bill, it seems to me, must be added effective legislation providing for democratic practices, because only with democratic practices and procedures can honest working men and women eliminate from unionism the type of activities we have had related before this committee during the past 2 weeks.

That means that the Senate legislation, in my mind, should be strengthened to provide for secret ballots which are honestly counted, with a counting procedure which will guarantee to the men and women in the unions who vote that the votes will be counted in accordance with the manner in which they have been voted.

We have the disgusting spectacle, Mr. Chairman, of watching a parade of "pygmy" Americans appearing before us taking the fifth amendment. I am sure that this committee at its first executive session will take the necessary committee action to cite for contempt all those who have refused to answer questions regarding their American citizenship, and I am confident we will do it early enough so that the Senate itself can act on the contempt-citation resolution before Congress adjourns.

I think that the international officers of the unions involved should, summarily and now, lift the charters from the unions led by these disreputable characters who have taken the fifth amendment and who have these long criminal records.

In the first place, Mr. Chairman, I think a great responsibility rests with the ethical practices committee of the CIO-AFL. They have announced and proclaimed a policy that will not permit union officials to take the fifth amendment before responsible Federal agencies of Government or before the courts of the United States and, at the same

time, continue to hold their privileged union offices. I suggest to the ethical practices committee they have work to do. There is a great group of these characters who have taken the fifth amendment before this committee and, if they continue to hold office after so doing, they hold office only because the AFL-CIO ethical practices committee will have failed to follow through on the program which they have established and announced.

The CHAIRMAN. Senator Mundt, in that connection, I don't have the names of them, myself, but I am going to ask Mr. Kennedy, if he will, to give us a report on what has happened so far.

Yesterday and, possibly, the day before, and I don't believe you were here, as some of these witnesses testified whom we knew to be officers, with some emphasis I called that to the attention of the international unions and the ethical practices committee, and some results have been achieved, and I would like, if you will permit at this time, Mr. Kennedy to give a report on what has occurred.

Senator MUNDT. I think that will be fine, and I noticed, in reading the daily transcript which comes to my office, that the Chair did call that to the attention of the ethical practices committee very forcibly. I commend him for it, and I certainly will be happy to hear the report of progress that Mr. Kennedy has to make.

Mr. KENNEDY. Mr. John Lardino, Mr. Dan Lardino, and Mr. Frank Truogale, and James O'Connor have all resigned their positions as union officials. In addition to that the international union has placed in trusteeship local 394, and I understand that they have also placed in trusteeship local 450, about which we had testimony yesterday, which would mean that the other two officials who took the fifth amendment before the committee, Louis Madia and Dan Leonardi, are also out of their jobs.

Senator MUNDT. That is very good.

Senator CURTIS. Mr. Chairman, I wish to make a brief statement. There are a few things I would like to call attention to for the record, and I will try to be brief.

I think these hearings have served a very definite legislative purpose even though many of the witnesses did not testify. Their failure to testify revealed a great deal. We have the astounding experience this morning of learning that back about 1935 a union charter was granted to one of Dillinger's gangs that supplied the machineguns. Now, Mr. chairman, the crux of this problem isn't that they gave a charter to the wrong man; that is part of it. But that charter carried with it too much power.

There were certain immunities and certain violations of the fundamental that all Americans should be treated alike. It is a violation of the principle of equality before the law.

For instance, this union charter for all practical purposes gave the recipient the right to picket. That is not a picket as defined properly by law but to carry on unlawful picketing with immunities so far as the courts and the officers were concerned. It gave the recipient of that charter the right to harass people by slicing their tires, and breaking their windshields, and nothing happened.

Other citizens cannot do that. Bad boys can't do it. It gave the recipient of that charter the right to block streets and highway. We have one witness that testified that the outlet to his place of business

was blocked by a truck and the police ordered it removed after the union leader consented to it.

It gave the hoodlum recipients of union charters the right to carry on secondary boycotts, to boycott dairies and suppliers of food, and to bring pressure against the place where the garbage is deposited so it couldn't be taken out.

It gave the recipient of this charter the right to interfere with the transportation and flow of goods, some of which was in interstate commerce.

Now all of these immunities and special rights and privileges given to a vested group are responsibilities of Government and we aren't solving this problem merely by directing our attention to the fact that these special privileges were given to the wrong people. It is too much to give to anybody.

All of this goes on because of the influence of unions with police, with courts, with governors, and with Federal officials, and with legislators both on the local, State, and Federal level.

Part of that influence is by reason of the widespread political activities of unions, and their sizeable contributions to candidates for office. I am not kidded or fooled by the fact that those contributions are related through additional committee setup. They just do not raise that amount of money by voluntary contributions.

So I think that here we have a very dramatic illustration of the damage that is done to employees, to employers, and to the general public and to our country by the failure of the Congress of the United States to enact the laws that take away these special immunities and powers. I think we have had a demonstration here of the need first to remove the special immunities, including outlawing of the secondary boycott, and I think we have also had a demonstration of the need if we are going to have decent government in this country, to take unions out of politics including effective laws to end their contributions to candidates which is carried on in spite of the fact that is prohibited by law.

Because it is their political power that maintains the immunities in the law, and gives them further immunities in the administration and enforcement of the law. It is a hookup between politicians and unions. It is an open invitation for the wrong people to want to be in the union business. It isn't any wonder that one of Dillinger's boys wanted to get in the union business. It has often been reported that a handful of union officials could bring the great city of New York to its knees by shutting off all supplies and stopping everything in a short while.

It is something that a foreign enemy couldn't do. We might wake up sometime and find that a handful of Communists have done that very thing.

Mr. Chairman, I hope that the lesson of these hearings will be felt and that we will have some legislation that goes to the very problem involved.

The CHAIRMAN. Senator Church.

Senator CHURCH. Mr. Chairman, I have a few brief remarks to make. I share the opinion of the chairman that these hearings have been extremely beneficial in pointing up how certain racketeering elements have infiltrated into certain locals and have used the guise of legitimate unionism to cloak vicious shakedown practices.

I think that the hearings have been conducted in such a way as to improve the prospects that something effective can be done in cleaning up this problem in Chicago. Perhaps it will alert law enforcement officers elsewhere in the country to investigate the possibility that similar problems exist in other cities involving racketeering elements.

Perhaps it will serve as a prompter to State legislatures to enact appropriate laws wherever necessary to give better protection against these practices. And also, of course, it serves as a basis for congressional action in this field. In order to do all of this, it is necessary that these hearings be public hearings and it is necessary that the press follow them carefully and accurately, and I think it is altogether appropriate that these hearings be televised.

But lest my silence in the matter be regarded as an assent, I do have to state my disagreement with the proposal or the suggestion that was made that hearings of this kind might properly be commercially broadcast or broadcast under the sponsorship of a commercial advertiser.

In this I sharply disagree. This is the public's business. We are involved here as representatives of the public to look into problems that may require laws and changes in the laws, and as such I think it most inappropriate that the broadcasts ever be supported on other than a public service basis.

Now, I think in this case where the newspaper and television station were involved it is entirely appropriate, but we are not engaged in selling products, and I think these hearings ought not to be used in any way so that the public attention and interest in them could be focused to the advantage of commercial advertisers.

I would like to say finally that the work that the unions themselves have undertaken in efforts to clean up locals that are dominated by racketeers to which Mr. Kennedy referred a few minutes ago have also been undertaken to my best information by the bar association in Illinois in connection with the activities of two attorneys, Mr. Teitelbaum, and Mr. Champagne, who represented the Employers' Restaurant Association in Chicago.

Here again is indication of the right kind of action within a responsible organization pointed toward eliminating in the bar attorneys who apparently are engaging in improper conduct.

Again let me close, Mr. Chairman, by commending the members of the committee staff for the investigations that made these disclosures possible, and also for those witnesses, restaurant owners, and waiters, and waitresses who cooperated with the committee and some of whom came down in spite of threats being made to give the committee and the Government the benefit of their testimony.

The CHAIRMAN. Counsel Kennedy, you had a brief statement?

Mr. KENNEDY. Mr. Chairman, during the hearings last week, I referred to Mr. Champagne and I believe I stated about his criminal record. Mr. Champagne has no criminal record that I know of and I would like to correct that at this time, and also what I meant to say at that time was his criminal associates. But I did say, as I understand it, criminal record, and I would like to take this opportunity to correct the record and I will so do in the written transcript.

The CHAIRMAN. The permanent record may be corrected accordingly. The Chair will state in conclusion, first, I wish to thank, of course, the staff, and certain of my colleagues on the committee for

their cooperation and their presence. I know we all have so many other duties that it is difficult for each member to be here all of the time.

I know how much I have to sacrifice in my other work to be here and try to be present at each session. But the committee members who cooperate and work together to try to accomplish a worthwhile objective and serve our country in this unpleasant task are to be commended.

I would point out that the final good, other than legislation, that may result from this committee's efforts and the things it reveals and discloses in its investigation—the final good and the maximum good results can only come from law enforcement officers and those having responsibility for the enforcement of laws in their locality will pursue the clues and the information that we develop here, to the end that those who are engaged in criminal acts or who have committed criminal acts, who have exploited, and bribed, and committed other offenses, arson, and sometimes murder, and personal violence, and criminal assault—if they will pursue it and meet their responsibility and bring these folks to the bar of justice so that they may be judged by their deeds and rewarded or punished accordingly.

The committee stands adjourned.

(Whereupon, at 12:15 p. m., the committee adjourned, subject to the call of the Chair.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 31, 1958

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10:30 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, United States Senate, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Pierre E. G. Salinger, investigator; James Mundie, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the committee present at the convening of the session were Senators McClellan, Ives, Curtis, and Goldwater.)

The CHAIRMAN. I am informed that we have been able to find one witness in the Chicago restaurant matter that was not available to us in the previous series of hearings, and before we open the new series this morning we will call that witness and take his testimony, and then we will proceed into another phase of the hearing.

Mr. KENNEDY. Mr. Gussie Alex.

Senator GOLDWATER. Mr. Chairman, on the ticker a few days ago there was an item that gave me some concern, and I probably have no reason to be concerned about it and I don't even remember the gentleman's name, but it involved one of the public prosecutors in Chicago or in Illinois.

There was some indication from the press release or the ticker that there might be some argument between the committee and this particular body. I was hoping that that was not true because I wanted to see us continue as we have in the past, to help these enforcement officers or organizations who are willing to take our records and go ahead cleaning out the hoodlums and gangsters such as we saw happened down in Tennessee.

Was there anything to that, Mr. Kennedy?

The CHAIRMAN. The Chair would like to make this observation first, that I have only had just a few moments with the chief counsel since I arrived. I will let him make a statement regarding it, but I want to say for the benefit of that gentleman, whoever he is, and for

everyone else, that this committee will cooperate with all law-enforcement officials throughout the country, but it is not this committee's job to prosecute.

Now, we cannot nurse prosecuting attorneys and United States attorneys and other law-enforcement officials. We make a record here and it is a public record and anyone who says the record is not made available to him is simply not telling the truth. The public record is available to everyone.

After that record is available if the committee has further information that in its discretion and judgment feels it can release with profit to the work we are doing, and also as a service or further public service, we will do it. I don't recall the man's name, and we can supply that for the record, but so far as I know at this moment I never heard from him.

If there is anything in the committee files we will find what it is, and it will receive the same courteous and appropriate attention that we have tried to give in the past. If this is a case of somebody just sniping at the committee, I am not worried about snipers. The committee will always be oblivious, I hope, at little people who snipe at us.

Senator CURTIS. At a time when the chairman has had an opportunity to give this a little more thought, I may have some thoughts on it that I would convey to the chairman because I feel that we all hope the publicity is brushed away, this committee still is very anxious to be cooperative with every law-enforcement agency it can, and I may have some suggestions to take up with the chairman at a later time.

The CHAIRMAN. As far as the chairman is concerned, the committee will not only cooperate but it will go out of its way to cooperate where others are trying in good faith to execute the laws.

Senator GOLDWATER. A member of the staff tells me that the individual concerned, and I think the name was Adamowski, had published an apology in the paper last night, and I inadvertently missed it, in which he said that the material had been on his desk and he hadn't opened it. Had I seen that I wouldn't have had cause to make a comment.

The CHAIRMAN. Well, I have faith in this staff, and I know we have a tremendous load and the staff may at times overlook something which comes to its attention. But it had not even come to my attention and the circumstances will be understood.

Who is the witness?

All right, we will call the witness.

Do you solemnly swear that the evidence, given before this Senate select committee, shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALEX. I do.

TESTIMONY OF GUSSIE ALEX, ACCOMPANIED BY HIS COUNSEL, BARNEY J. KERAN

The CHAIRMAN. May I inquire your name, and your place of residence, and your business or occupation, please?

Mr. ALEX. My name is Gussie Alex and I am born and raised in Chicago, Ill., as an American citizen.

The CHAIRMAN. That is splendid. What is your occupation, sir?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. You state under oath that you honestly believe if you gave the committee the information regarding your present business or occupation, that such truthful information might tend to incriminate you?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer honestly may tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Alex came to our attention through the information furnished to the committee by Lieutenant Morris of the Chicago Police Department. From their investigation, they found that Mr. Alex was the contact for this group of Weinberg and Labriola, who were going to set up these trade associations, and Mr. Gussie Alex was one of those who was to be contacted in Chicago in order to bring some of the restaurants into line.

The CHAIRMAN. Just a moment, may I interrupt counsel. I forgot to ascertain if the witness has counsel and have counsel identified.

Dou you have counsel?

Mr. ALEX. Yes, I do, Senator.

The CHAIRMAN. All right, identify yourself.

Mr. KERAN. Mr. Chairman and members of the committee, my name is Barney J. Keran, and I am a member of the bar of Virginia, and the District of Columbia.

The CHAIRMAN. Thank you. Proceed.

Mr. KENNEDY. What made Mr. Alex of particular interest to us is his connection with this trade association as developed by Lieutenant Morris and the fact that he is and has been for some years one of the leading if not the leading gunman for the old Capone mob in Chicago.

Do you want to turn around and look at us, we can't see your face?

Senator IVES. Some of us are over here and they are not away down at the end, and some of us are down here. Will you face me for a change, will you do that?

Mr. ALEX. I am doing the best I can.

Senator IVES. Can't you get around in your chair? Swing around a little more. Swing around. Now, look straight ahead.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Is that correct, Mr. Alex, that you have acted as the gunman for the old Capone mob, in Chicago?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Senator IVES. May I interrupt there again. When the counsel was first bringing that matter up, you were headed that way with your head, and smiling in a very peculiar manner, and nodding your head "No." Why were you doing that when you decline to answer?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may incriminate me.

Senator IVES. You have already answered by gesture, don't forget that.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, starting back some years ago, you have also handled a good deal of the gambling in the Chicago area, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. You were connected with Hymie Levin, at the gambling establishment called the Dome, in 1944, isn't that correct?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Now, starting in 1946, weren't you the head of the disciplinary section of the Capone mob in Chicago, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And you were responsible for all of the rough work that was done by the enforcement division of the Capone mob?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And in 1947, you were the bodyguard for Jake Guzik, is that right?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And when Jake Guzik died, you took over his position, did you not, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KERAN. May the record show that each time this witness declines to answer, it is on the ground that he honestly believes that his answers might tend to incriminate him and he asserts his privilege under the fifth amendment.

The CHAIRMAN. The counsel may advise his client how he wants him to answer the question. The witness makes the record by his answers, and the record will reflect what the witness says.

Mr. KENNEDY. Now, Mr. Alex, in addition to our interest in you because of your connection with these trade associations, we are also interested in you because of your relationship with Joey Glimco of local 777, of the Teamsters. I can't see your face.

Mr. ALEX. Excuse me.

Mr. KENNEDY. What is the situation as far as that is concerned? Do you know Mr. Glimco?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

(At this point, the following members were present: Senators McClellan, Ives, Goldwater, and Curtis.)

Mr. KENNEDY. Are you related in any way to Joey Glimco?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Is Joey Glimco's brother married to your sister, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that Frank Glimco is married to your sister Dorothy?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you have a sister named Dorothy?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you think it is incriminating to have relatives?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are you ashamed of them? Or are they ashamed of you, and that is the reason you don't want to identify them?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy, make the record.

Mr. KENNEDY. Isn't it correct that Mr. Joey Glimco of Teamster Local 777 is the contact between the criminal element in the labor movement in Chicago, and with the underworld in Chicago?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us what your source of income at the present time is, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You travel a good deal around the country, do you not, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You spent a good deal of time in Miami, Los Angeles, and Las Vegas, have you not?

Mr. ALEX. Under the fifth amendment to the Constitution I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us where you get the money to make those trips?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. According to our information, you are on the payroll of the Blatz Brewing Co. of Chicago, Ill., as of 1956. Could you tell us about that?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us why the Blatz Brewing Co. would hire somebody with your background, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You received some \$12,000 from the Blatz Brewing Co. in 1956 and approximately the same amount in 1955, did you not, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And could you tell us what other sources of income you had other than the Blatz Brewing Co.?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. On occasion you described yourself as a speculator. Can you tell us what that means, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. I would like to ask you about some of your associates. For instance, we have information that you are a close associate of Anthony Accardo; is that right?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Paul "The Waiter" Ricca?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. The people that we know that you have been associated with or presently associated with include names that I mentioned, Tony Accardo, Paul Ricca, Murray Humphrey, Louis Campagna, Jake Guzik, Charlie Fishetti, Ralph Capone, Sam Golfbag Hunt, Ralph Pierce, Edward Goble, Rocco Fishetti, Hymie Levin; is that right?

Are those some of your friends?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And as the gunman and triggerman for the old Capone mob, you had something to do with the killing of James Regan in 1946, did you not?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us how much you charged to kill somebody, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Does it depend on who the person is?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you have not been engaged in such activities, that a truthful answer would tend to incriminate you?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer honestly may tend to incriminate me.

The CHAIRMAN. You are the best judge of it. Proceed.

Mr. KENNEDY. That is all for now, Mr. Chairman.

The CHAIRMAN. Do you have any questions, Senator Goldwater?

Senator GOLDWATER. No.

The CHAIRMAN. Senator Ives?

Senator IVES. I have no questions, Mr. Chairman.

Mr. KENNEDY. I just wanted to emphasize again, Mr. Chairman, that the trade association that we spoke of, as it was developed, are going to tie up closely with some of these unions in Chicago, which force the restaurant owners, the tavern owners, to join up.

Was that part of the arrangement, Mr. Alex?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Then, of course, the other major point of interest to us, Mr. Chairman, is his relationship with Joey Glimco, who will play a very important role in the hearings as we go along.

The CHAIRMAN. Mr. Alex, you are making a record here that is permanent, a record that the public, the American people, the decent American citizens, are quite interested in, and on subject matters they are quite concerned about.

You stated that you were an American citizen. Do you have enough love and respect for your country that you would in any way and to any degree cooperate with your Government and those who are trying to preserve the very freedoms you exercise and now enjoy?

Is there one little measure of cooperation that you will give in our efforts here to get information to enable the Congress of your country to legislate?

Can you think of one little bit of cooperation you would give?

(At this point, Senator Ervin entered the hearing room.)

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer honestly may tend to incriminate me.

(At this point, Senator Curtis withdrew from the hearing room.)

The CHAIRMAN. Well, I just don't believe that anyone could be incriminated by acknowledging he had a little respect for his government, a little love for his country, and by confessing that he would

cooperate even to a small degree in helping his government, in helping it to be preserved, and the liberties that it vouchsafes to its citizens, that those liberties might be preserved. I just can't see how that could possibly tend to incriminate even the lowest who may be honored, undeserving honor at that, sometimes, by citizenship in this country.

I don't believe you believe that a truthful answer to that question would tend to incriminate you. If you want to leave the record the way it is, it is your life, it is your record. This is our country, and I can assure you that there are those of us, not just this committee but the teeming millions of fine people in this country who want to preserve it and who will cooperate.

Ultimately, ultimately, I think, your kind is going to find the road a little rougher and a little harder and a little more difficult. The American people will not stand for this much longer.

Senator Ives. I would like to ask Mr. Alex if he knows anything about the meeting that was held in Appalachin last November.

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Senator Ives. I would now like to ask the witness if he heard anything about it, at the time it occurred or thereafter. It was in the press. Did you read the press at the time?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Senator Ives. Do you mean to tell me if you weren't present or didn't hear anything about it, didn't know anything about it, that to say "No" would incriminate you?

Mr. ALEX. Under the fifth amendment to the Constitution of the United States, I decline to answer on the grounds that my answer may tend to incriminate me.

Senator Ives. All right, Mr. Counsel.

That is all I have.

The CHAIRMAN. Senator Ervin?

Senator ERVIN. I have no questions, Mr. Chairman.

The CHAIRMAN. You may stand aside, but before you do, you will remain under the present subpoena subject to being recalled by the committee at such time as it may desire further testimony from you.

Mr. ALEX. Thank you, Senator.

The CHAIRMAN. With that understanding, you are acknowledging that recognizance, you may be excused for the day, when you acknowledge it. Do you acknowledge it, that you will return to the committee for further interrogation upon reasonable notice?

(The witness conferred with his counsel.)

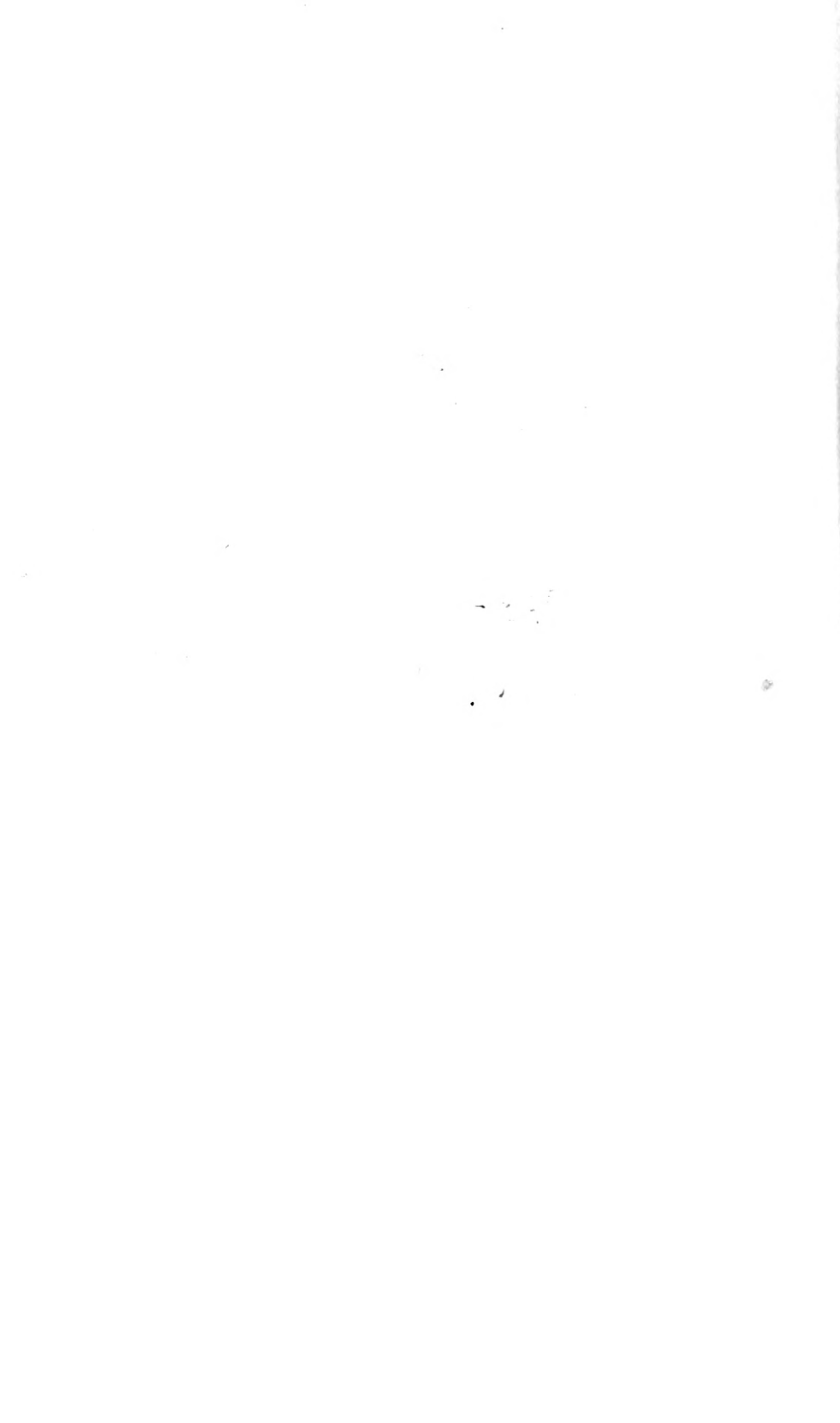
Mr. ALEX. Yes, Senator.

The CHAIRMAN. You may stand aside. Call the next witness, Mr. Counsel.

Mr. KENNEDY. Now, Mr. Chairman, we have a different phase of our investigation.

The CHAIRMAN. We will now go to another phase of the hearings.

(Whereupon, at 11 a. m., the hearing recessed, to proceed to other matters.)



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